





## NEWS: INTERNATIONAL

## INTERNATIONAL NEWS DIGEST

## Modest gain in US prices

US wholesale prices rose modestly in January with a sharp increase in energy prices partly offset by declining food costs. The Labour Department said its producer price index rose 0.3 per cent last month, after moving up by a revised 0.4 per cent in December. Instead of the 0.2 per cent gain previously reported, food prices dropped 0.6 per cent in January, compared with December's revised increase of 1.4 per cent. Energy prices jumped 2.3 per cent last month, compared with December's revised drop of 1.0 per cent. After factoring out volatile food and energy prices, the department said the "core" PPI rose 0.2 per cent, after a revised 0.3 per cent in December. Economists on average had expected both the overall index and the core rate to rise by 0.4 per cent. The inflation-sensitive 30-year US Treasury bond jumped after the report, gaining 1/4 of a point, or \$3.4375 per \$1,000 face value, and its yield slipped to 7.61 per cent from 7.68 per cent on Thursday. *Reuters, Washington*

## Judge quits in graft protest

Judge Ventura Pérez Marín, a high court magistrate co-opted into the Spanish parliament by the ruling Socialist party, said yesterday he would resign because the government had not done enough to curb corruption. His resignation will embarrass Mr Felipe González, the prime minister, but it leaves the government's majority unchanged as Mr González can now co-opt a replacement. Mr Pérez Marín's break with the Socialist party mirrors that of fellow judge Mr Baltasar Garçon in May last year, and threatens to heighten a confrontation between the government and the judiciary over the handling by the courts of sensitive political scandals. Mr González co-opted the two judges onto the Socialist party lists in the June 1993 general elections as part of his strategy to broaden the government's appeal. *Tom Burns, Madrid*

## Indian exports rise sharply

India's exports rose nearly 17 per cent to \$15.3bn (£11.8bn) in the nine months from April to December, the Commerce Ministry said yesterday. But the trade deficit widened as imports grew to \$20.3bn. Imports of petrol, oil and lubricants declined by 2.1 per cent but non-oil imports increased by 33.1 per cent. The ministry said exports in December rose 29 per cent over December 1993 to a record \$2.5bn. It said that the 50 per cent target for growth in exports in fiscal 1994-95 was attainable, despite a plague scare late last year which led to a virtual quarantine of India. *AFP, New Delhi*

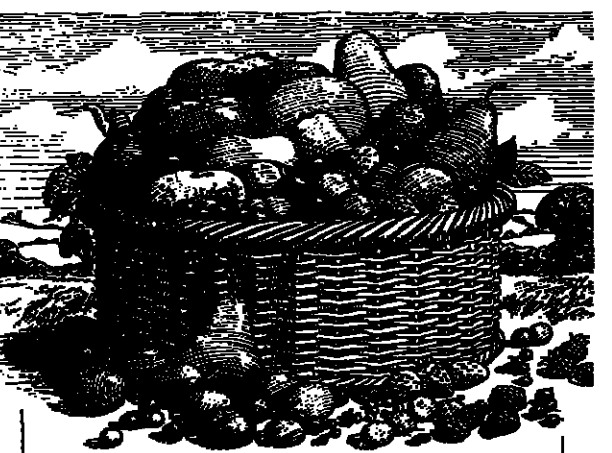
## Finnish interest rates raised

Finland's central bank yesterday followed Sweden by raising short-term interest rates to forestall fears of resurgent inflation. The bank raised its "lender rate" for short-term money market lending by 25 basis points to 5.75 per cent. It warned of "a marked rise in inflation expectations and cost pressures which pose a threat to price stability and hence to sustained growth".

The extent of the bank's anxiety not to allow inflation to re-emerge appears excessive, given that inflation in Finland last year reached just 1.1 per cent. The reappearance of inflation is much more pronounced in Sweden, where the economy is threatened by a yawning budget deficit. But the Finnish bank is nevertheless concerned that a return to rapid growth now under way after a deep recession could rekindle inflation. Gross national product grew by almost 4 per cent last year and is forecast to rise by more than 5 per cent in 1995. *Hugh Carnegie, Stockholm*

## German bus takeover cleared

Mercedes can take over Kaessbohrer, a big manufacturer of tourist and intercity buses in Europe, the European Union advisory panel on mergers recommended yesterday. The issue will now go to the Commission for confirmation next week. The panel dropped its earlier opposition to the merger on the grounds that the two companies would control 60 per cent of the German bus and coach market. It was argued that the deal would not dramatically change the structure of the German bus market, while it was vital for the survival of debt-ridden Kaessbohrer. Rival German bus-makers had not objected. *Reuters, Brussels*



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FINANCIAL TIMES  
Information

## Yeltsin faces dilemma over pay rise vote

By Chrystia Frelund  
in Moscow

Russia's parliament yesterday decided to double the minimum wage, giving President Boris Yeltsin a tough political choice between backing the domestically popular bill or blocking it to ensure western financial aid.

The decision to raise the minimum wage to \$54,000 (about \$8.30 a month, passed by the lower house of parliament last month, was approved by an overwhelming majority of deputies in the upper cham-

ber yesterday. Unless Mr Yeltsin exercises his authority to veto the bill, the wage rise will doom the 1995 budget and kill Russia's chances of receiving a \$6.25bn (24bn) standby loan from the International Monetary Fund, Russian officials said.

"This wage increase would undermine the budget and destroy our prospects of an agreement with the IMF," said Mr Maksim Boyko, deputy head of the reformist government commission on economic policy. The budget department of

the finance ministry estimates that, because of the link between the minimum wage and pensions and other state entitlements, implementing the legislation would cost the government \$159,000bn more. The added costs would more than double the government's target budget deficit of about 7.7 per cent of GDP, according to official Russian calculations.

Earlier this week, Mr Victor Chernomyrdin, the prime minister, sent deputies a written appeal not to approve the legislation on the grounds that the 1995 budget "does not envisage

the specified sum". But parliamentarians, who voted for the bill in a roll call ballot, were unconvinced by the government's arguments and unwilling to hear the political heat for keeping the minimum wage at its current level of less than \$3.20 a month.

"The government can find money to protect millions of innocent impoverished citizens from the same source that funded the war in Chechnya," said one deputy, Mrs Elena Mikhulina. By approving the bill, which calls for the wage increase to

be backdated to February 1, parliamentarians have put Mr Yeltsin in a tight corner. If he vetoes the bill, as reformers in the government are predicting, he will incur the wrath of millions of Russians.

"One must not trap the president all the time," said Mr Gennadi Melnikan, the minister of labour. He said the parliament's decision put Mr Yeltsin "in an uncomfortable position because he has just vetoed the minimum pension bill, and if he kills the minimum pay bill as well, it will turn out that the parliament is

good and the president is bad". Parliament's move comes at a time of unprecedented disarray among democratic, pro-reform forces and a growing divide between Mr Yeltsin and the democrats.

Russia's Choice, once the leading reform party, has been critically weakened by disagreements over the Chechnya war which this week prompted Mr Yegor Gaidar, the party leader who, as prime minister, led Russia's first attempt at economic reforms, to declare his opposition to Mr Yeltsin's government.

## CIS summiteers grope warily for post-Soviet role

By John Thornhill in Alma Ata

It is hard enough to organise a summit of 12 countries at any time, but when the states involved share a close and, at times, traumatic past, as in the Commonwealth of Independent States, the task is trickier still. The organisers of the 17th CIS summit held yesterday in Alma Ata, capital of Kazakhstan, had to tread warily as the leaders of the newly independent states, all groping to find their place in the post-Soviet era, grapple with common security and economic issues.

Procedural correctness suggests that the presidents are seated in alphabetical order. But that means that the heads of Armenia and Azerbaijan, still at loggerheads over the disputed region of Nagorno-Karabakh, end up sitting next to each other. Such sensitivities - and Russia's dominant part - ensured that little progress was made on creating common external borders to be guarded by CIS troops. Suspicions run too deep.

Other regional jealousies are prone to surface. Mr Nursultan Nazarbayev, the president of Kazakhstan, who hosted the summit, has been keen to promote his country as the leading political force in central Asia. But that has provoked frostiness with Mr Islam Karimov, president of neighbouring Uzbekistan, who sees himself in a similar role.

While politicians talk about closer economic ties, travellers still find it difficult to fly directly between the capitals of the two countries. The sheer size and relative wealth of Russia ensures it is the queen on the chessboard of CIS politics with the other countries capable of only limited moves.

Mr Boris Yeltsin, Russia's president, was the natural focus of attention - especially given the conflict in Chechnya

- and expressed frustration at the slow progress of reintegrating the CIS. But Mr Yeltsin kept a surprisingly low profile, appearing in public only when he unsteadily descended from the steps of his aeroplane.

Mr Nazarbayev, the strongest advocate of an ever closer and deeper union, was the summit's guiding spirit and publicly banked after something far more ambitious than the loose confederation that is now the CIS.

"If the European Union is going to move closer then why should we not follow? Before we were even more closely integrated than they were," he said. But his proposal for a binding pact for peace and stability within the CIS was coolly received by some other members.

Only an informal memorandum was adopted and just three of 13 proposals for closer security were passed.

The summit contained echoes of debate within the western European Union as the prospect of a two-speed CIS began to emerge. CIS member countries agreed about the desirability of a common market and fleshed out plans to develop an inter-state economic committee. The heads of government moved to appoint the staff of the committee to open headquarters in Moscow and co-ordinate their country's statistical services. But beyond economics, the consensus rapidly breaks down.

A hard core of countries - Russia, Belarus and Kazakhstan - appears determined to press ahead with developing closer relations even if it means leaving the other members of the CIS behind. Recent bilateral and trilateral agreements between these countries on security and economic issues are blurring a trail which other CIS countries may find too hot to follow.



Austria's foreign minister Alois Mock, left, with Nato chief Willy Claes after signing up to the Partnership for Peace yesterday

## Air competition warning

By Michael Skapinker,  
Aerospace Correspondent

European Union rules designed to encourage competition between airlines are not working, the UK's Civil Aviation Authority said yesterday.

The authority said a 1993 EU regulation on allocating runway slots at airports needed revision if passengers were to be given greater choice. The regulation established a pool of arrival and landing slots for allocation to airlines which did not have a large presence at a particular EU airport. The European Commission is to recommend by the end of this year whether the regulation requires revision.

Mr Christopher Chataway, CAA chairman, said the regulation "has not engendered any increase in competition. There are no benefits to passengers. On many routes, there are just

two airlines who are accustomed to co-operating rather than competing".

The authority, in a report published yesterday, said future EU regulations should concentrate on increasing the number of airlines on well-used intra-European routes. The authority accepted that this might favour large airlines over small carriers.

The 1993 regulation accepts the continuation of the principle of "grandfather rights", under which an airline using a slot in one summer or winter season has first claim on it in the next equivalent season.

The regulation created a pool of slots, however, 50 per cent of which must be made available to new entrants. The pool contains slots which airlines have returned voluntarily. It also contains slots which airlines have had to relinquish because they have made insufficient

use of them. New slots, created through changes in airport schedules, are also in the pool.

New entrants are those with only a small presence on a particular route and airport. The authority said that at London Heathrow airport this system had not resulted in new competition on intra-European routes. It thought the situation was probably the same at other European airports.

The authority said EU regulations should encourage the collection of slots which become available. This would allow allocation of more slots to an airline which wanted to enter a well-used intra-European route. This would mean the airline could create a viable service to challenge existing carriers on the route.

*Slot Allocation: A Proposal for Europe's Airports, from CAA, PO Box 41, Cheltenham, Glos GL50 2BN, £2.50.*

## Austria tilts away from neutrality

Austria yesterday became the 25th member of Nato's Partnership for Peace, a move widely interpreted as a first step towards discarding its 40-year tradition of neutrality. *AFP reports from Brussels.*

Mr Alois Mock, Austria's foreign minister, said Austria had joined the Nato co-operation programme because it shared the ideal of increasing European stability and security in the post-cold war era.

But Mr Mock stressed that Austria would not be involved in PFP military manoeuvres.

"We want to concentrate our activities in the areas of humanitarian and peacekeeping operations," he said. "Austria is also interested in the environmental sector."

Mr Mock and Mr Werner Fasslabend, the defence minister, both members of the People's party, the junior member of the coalition government, were keen for Austria to take part in Nato exercises. But they were overruled by Social Democrat Chancellor Franz Vranitzky, whose party is deeply attached to the tradition of neutrality.

Mr Willy Claes, the Nato secretary general, reflected Austrian sensitivities by underlining that joining PFP would not endanger the country's neutral status. "Austria itself will determine the depth of its involvement," he said.

Mr Claes said Austria's position at the heart of Europe meant it could play a strategic role in developing new European security structures. "We are counting on Austria actively helping the countries of central and eastern Europe in a difficult transitional phase," he said.

## Anti-smoking group urges sell-off protest

By Andrew Jack in Paris

A French anti-smoking organisation has urged supporters to buy shares in the privatisation of Seita, the French state tobacco monopoly, to enable them to express their critical views of the company.

The Paris-based National Committee Against Excessive Smoking urged subscribers to its magazine to buy 10 shares in the forthcoming Seita sale so they could attend the company's annual general meeting

and make their views heard. It also called on those who are customers of Société Générale and Crédit Commercial de France, two French banks which have been granted large stakes in the privatisation, to write to the boards and question whether they were willing to succumb to the temptations of profit whatever the price.

The advice comes ahead of the public offer of Seita shares, at FF129 (£15.70) each, which opens next Tuesday, at a time when the company is trying to

mount an intensive marketing campaign without running foul of advertising regulations.

The committee has already begun legal proceedings against Seita, claiming that its campaign breaches a law, introduced in 1993, that tightly restricts the advertising of tobacco.

It has been inspired by the work of US consumer activists, including those who managed to gain a say at the annual general meeting of Philip Morris, the tobacco giant. Mr Pascal Mélihan-Chetain,

chairman of the committee, said: "Our aim is not to make Seita bankrupt but to improve the nation's health."

"We are not prohibitionist but we want to prevent publicity encouraging smoking, including that aimed at young people and those in the third world and eastern Europe."

He emphasised that the French government gave FF2.4bn a year towards anti-smoking causes, but gained FF10bn a year from tobacco tax. He said the committee itself received FF1m a year

directly from the state and FF1m more towards its FF15m budget from the national health insurance system.

Seita said last night it was not worried about the threat and the privatisation was proceeding well. "The best way for opponents of smoking to object is not to buy cigarettes," it said.

Judging by current numbers it is unlikely that Seita will face much of a threat from the latest campaign. The committee said it had only about 600 paid-up members.

## Protests grow over Slovak nuclear plan

By Eric Frey in Vienna

Austria is considering pulling out of the European Bank for Reconstruction and Development if the bank goes ahead with plans to fund the completion of a controversial nuclear power plant in Slovakia.

Using its newly gained influence as a European Union member, Austria is fighting hard to stop completion of the Mochovce nuclear power plant, 190km from Vienna, claiming it will remain a safety hazard even after being upgraded by western technology.

Electricité de France (EdF) has formed a joint venture with Slovakia's Slovenske Elektrarne to complete the Soviet-style power plant and provide it with modern safety features for DM1.2bn (£540m). The German utility Bayernwerk is also considering joining the consortium.

Funding is to come from the EBRD, Euratom and the European Investment Bank. The EBRD board is to vote on a DM400m loan in April.

On Thursday, the Austrian parliament voted unanimously to ask the government to consider withdrawing from EBRD

if the loan goes through. Austria holds a 2.3 per cent stake in the bank.

Behind the hectic official activities is extreme pressure from public opinion and the tabloid press. Environmental issues have been at the forefront of politics for many years and many Austrians regard environmentalism as part of their identity. In a 1978 referendum, the country narrowly voted against nuclear power, even though the first plant was completed and ready for operation.

The Chernobyl accident in 1986 heightened anti-nuclear sentiment, making opposition to nuclear energy the one issue on which many citizens agree.

The campaign against Mochovce is led by the Kronen-Zeitung, Austria's largest tabloid paper, which has been raging in banner headlines against the "death reactor" across the border. This sentiment leaves the government little choice but to take up the fight against Mochovce.

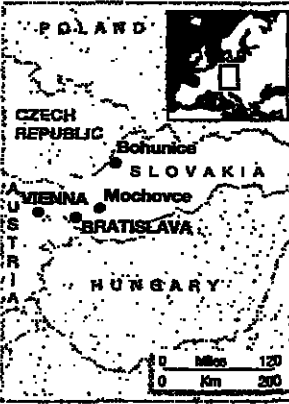
Last month, the Mochovce consortium cancelled a public hearing in Vienna because of the overheated atmosphere. It offered, instead, a live televi-

sion debate in which the public could call in with questions, but this was rejected by Austrian television.

Vienna now argues that the EBRD should to stop the loan because it would violate its own regulations that call for public hearings in neighbouring countries.

EBRD officials say they can still go ahead. The EBRD project managers, who strongly support the loan, say they do not understand Austria's opposition. Mr Alain Pilloux, EBRD senior banker in charge of the project, said yesterday the project had been misrepresented in Austria. "The project has taken on an emotional character in Austria... this is a safety project. We are not talking about constructing dangerous nuclear plants but about completing and upgrading two reactors. In return two unsafe reactors will be closed. This will increase the safety of Austria and Hungary."

Part of the loan agreement is a commitment of the Slovakian government to close two of the four nuclear reactors at the Bohunice power plant, which experts regard as dangerously antiquated.



Without foreign funding, the Slovakian government would still be able to complete the two 400-MW Mochovce reactors, but without the additional safety measures which EdF will provide. According to EBRD studies, the completion of Mochovce is the least costly option for Slovakia and at least 5 per cent cheaper than natural gas turbines, the alternative proposed by Austria.

But leaving a plant that is 80 per cent completed is something a poor country cannot afford, the bank says. Experts advising Vienna dis-

miss the assurances of the EBRD. Slovakia might still decide to keep Bohunice on line beyond the 1999 date for decommissioning. They also call into question the safety standards of Mochovce, arguing that a plant mixing eastern and western features could never be licensed in a west European country.

Moreover, the bank has overstated Slovakia's energy needs and the projected costs of natural gas, they say. Austria's hand was strengthened when PreussenElektra of Germany dropped out of the consortium this month, citing concerns about Mochovce's safety standards.

The issue has strained Austria's relations with Slovakia and France, the prime proponent of nuclear energy in Europe. But it has strong allies among Europe's environmental groups, which have picked Mochovce as a key case in fighting the expansion of nuclear power plants in eastern Europe. Rather than replacing antiquated plants like Chernobyl with western designs, the new democracies should consider non-nuclear alternatives, they say.

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سكيا من الالاهل



# Tokyo insider dealing probe urged

By Emiko Terazono in Tokyo

Japan's securities watchdog yesterday called on Tokyo district prosecutors to investigate insider dealing allegations involving a Japanese bank and a machinery company.

It is the first time such a complaint has been filed by the Securities and Exchange Surveillance Commission (SESC) against a company rather than corporate executives.

The two companies involved are Shimizu Bank, a regional bank based in central Japan, and Marubeni Construction Machinery Sales, an affiliate of the Marubeni trading house.

The allegations relate to share-dealings by Shimizu and Marubeni last March in Shin Nihon Kokudo Kogyo, a small construction company, shortly before the company announced it could not honour a ¥150m (230,000) promissory note.

Executives at the Shimizu Bank alleged

Japan's economy is continuing to recover slowly from its longest recession since the war, in spite of last month's earthquake, according to a report yesterday by the Economic Planning Agency (EPA), writes *Gerard Baker* in Tokyo.

The EPA said the economy remained on a "gradual recovery trend" but warned that the full impact of the earthquake's effects on the economy was as yet unclear. The agency acknowledged fears of adverse effects on production and prices in the affected area, but said so far "prices were generally stable", though the

eddy sold 40,000 shares while Marubeni officials sold 5,000 shares on the company's account.

A day after the sales Shin Nihon shares were suspended, and the company subsequently went bankrupt.

The SESC action is only the fourth

impact on production was more difficult to assess. Mr Masahiko Komura, director-general of EPA, said it would publish shortly a full report.

Away from the earthquake, the report said personal consumption was continuing to rise slowly, and housing construction and industrial profits were recovering. But private capital expenditure remained weak.

Meanwhile Mr Shirohito Kamei, transport minister, yesterday said the port of Kobe, Japan's second largest, which was severely damaged in the earthquake, would be repaired within two years.

Modelled on the US Securities and Exchange Commission, the SESC has struggled to establish a reputation as an aggressive and independent authority

in the face of a largely sceptical business community.

While the SESC has tried to raise its profile through televised raids on offenders, allegations of insider trading, stock price manipulation and other illegal stock market transactions have often been hard to prove. Inadequate resources have undermined its work. At the same time, the slump in Japanese shares has eroded enthusiasm for crackdowns by the authorities.

Insider trading is punishable by imprisonment of up to six months or a maximum fine of ¥500,000 yen.

Following an SESC investigation, 25 people were indicted last December for alleged insider trading in the shares of pharmaceutical trading company Nippon Shoji Kaisha.

Yesterday, market commentators said if the SESC could prove the allegations Shimizu and Marubeni, it would be its biggest coup since it was set up.

## EU balks at Tokyo's plans to deregulate

By Michio Nakamoto in Tokyo

The European Commission yesterday said Japan's proposed measures for deregulation of the economy were "very disappointing" and called on Tokyo to adopt "clear, unequivocal commitments" in its final five-year plan to be announced in March.

During a round of EU-Japan high-level consultations in Tokyo yesterday, Mr Horst Krenzler, EU director-general for external economic relations, also raised the issue of Japan's failure to comply with a General Agreement on Tariffs and Trade ruling on Tokyo's liquor tax system. "We are examining if this will be an appropriate candidate for the first WTO dispute settlement case," Mr Krenzler said.

The EU is unhappy with Japan's failure to comply fully with the Gatt ruling that its tax system discriminates against alcoholic products such as Scotch whisky. The Japanese government has taken a number of steps to rectify the situation but the EU regards these as insufficient.

Mr Krenzler also expressed dissatisfaction with the number of EU suggestions being incorporated into the Japanese mid-term report containing some 500 proposals for deregulating the economy. Only 21 out of 160 EU suggestions appeared in the Japanese draft. "You can imagine that the result left us very dissatisfied," he said.

In addition, there was no implementation timetable and a large number of the measures had broken no new ground, according to the EU. The interim report included 170 concrete measures but these were formulated in a "vague and unspecified way", Mr Krenzler said.

The Commission was calling on the Japanese government to include in its final deregulation plan "clear, unequivocal commitments and an implementation calendar". It had also asked for continuing dialogue with the Japanese government on deregulation.

"We have not yet come up with a final programme yet and the debate is still going on so we did not expect to win approval of the interim report," Mr Akira Miwa, director of the first international affairs division at the Ministry of Finance, said.

Mr Krenzler also repeated European concerns that the framework trade negotiations with the US would lead to discrimination against European companies. The Japanese side has agreed to a monitoring system with the EU which would be based on the same statistical data as those used with the US in measuring progress in market access under the framework negotiations, he said.

In 1993, the EU's trade deficit with Japan fell from \$40bn (\$25.8bn) to \$29bn and is expected to fall further this year to \$22bn.

## Egypt wants new 'Camp David' Coming weeks 'critical' for Mideast peace

By David Gardner and Mark Nicholson in Cairo

Chances of securing an overall Middle East peace settlement depend on progress in the next few weeks on resolving the crisis in Israeli-Palestinian relations and reinvigorating negotiations between Israel and Syria, according to senior Egyptian officials.

Egypt, which hosted a summit 10 days ago with Israel, Jordan and the Palestine Liberation Organisation in an attempt to create momentum behind regional peace moves, wants the US to stage a Camp David-style negotiation

between Syria and Israel to help break the impasse. Dr Osama el-Baz, President Hosni Mubarak's chief political adviser, warned in an interview with the Financial Times that "if progress is stalled on either the Palestinian or Syrian (peace negotiations) track, that does not mean we stay where we are. We could have a very serious regression, and be back to square one."

Egypt now playing a pivotal role in trying to patch up the regional peace process after the January 22 suicide bomb attack by Islamic fundamentalists north of Tel Aviv which brought Israeli negotiations with the PLO on Palestinian self-rule to a standstill, reached its own peace treaty with Israel at US-sponsored talks in Camp David in 1979.

Mr el-Baz said "these coming few weeks are crucial" if the peace process is to continue. He argued that the US was in a position to arbitrate between Syria and Israel, by synthesising Damascus' demand for a total withdrawal from the Israeli-occupied Golan Heights with Tel Aviv's requirement of an internationally underwritten peace treaty.

The Syrian and Palestinian peace processes have become intertwined in recent weeks. The bomb attack at Netanya was claimed by the Islamic



Rabin: lack of progress in meetings with Arafat

Jihad organisation from the occupied territories, whose leadership is based in Damascus.

Similarly, the Hizbollah Islamist militia in south Lebanon has stepped up its attacks in recent weeks on the Israeli-occupied buffer zone in Lebanon, in some cases operating alongside PLO "rejectionist" groups based in Syria.

Israeli officials believe Syria is encouraging these offensives and bring Israel to the negotiating table on its own terms. Mr el-Baz said, "If Israel stalls on the Syrian (peace) track as well as the Palestinian one, that means it is negating the concept of a comprehensive settlement and is opting for selective, separate deals."

"Syria would be justified to move against peace" if Israel persists in these self-serving salami tactics, the senior Egyptian official said. "How can Syria then stop the rejectionist organisations among the Palestinians and Lebanese?"

Egyptian foreign ministry officials were dismayed at the lack of progress at Thursday's meeting between Mr Yitzhak Rabin, Israeli premier, and Mr Yasser Arafat, PLO chairman, and warned that Israel's continuing expansion of its settlements in the occupied West Bank was where "this whole process will break down".

## Clinton set for defence clash

By George Graham in Washington

A clash over foreign and defence policy is set to break out next week between the Clinton administration and the Republican majority in Congress. The House of Representatives is to debate legislation that would cut US funding for UN peacekeeping operations, prohibit US troops from serving under foreign command and speed efforts to deploy a "Star Wars" anti-missile defence system.

The legislation is part of the "Contract with America" manifesto on which the Republicans campaigned in November's congressional elections. However, it has been criticised even by some senior officials from previous Republican administrations for undermining the president's authority as commander-in-chief and for hamstringing the US's ability to join multilateral efforts to tackle world trouble spots.

A central measure in the legislation would require the US to deduct from its annual assessed contribution to UN peacekeeping funds any money it spends on military operations that supported a UN peacekeeping operation.

The Pentagon spent nearly \$1.8bn (£1.16bn) last year on UN-related operations in coun-

tries such as Haiti and Iraq, which would, under the terms of the proposed new law, wipe out the US's assessed UN peacekeeping contribution of nearly \$1.5bn.

The legislation would also prohibit the president from placing US troops under foreign command unless a UN deployment is necessary to protect US national security interests.

While the administration objects to these provisions, it agrees with the Republicans that the US assessment for UN peacekeeping funds, currently 31.7 per cent of the total, should be cut to 25 per cent, the level of its regular UN contributions.

Nevertheless, Ms Madeleine Albright, US ambassador to the UN, says she will ask President Bill Clinton to veto the bill if it passes both houses of Congress in its current form.

The chances that it will do so are good. In the House, the Republicans have so far shown almost total party discipline in voting for the components of the contract. In the Senate, a bill containing very similar provisions on deducting US spending on peacekeeping from the UN assessment and on prohibiting foreign command has been proposed by Senator Robert Dole, the Republican leader.



South Africa's President Nelson Mandela chips at a rock in the quarry where he worked as a prisoner during part of his 27-year incarceration. Mandela yesterday led a group of 1,300 former political prisoners in a reunion to the Robben Island prison

## WTO receives first calls to settle disputes

By Guy de Joux, Business Editor

Singapore and Venezuela have set in train proceedings which could trigger for the first time the World Trade Organisation's politically controversial new machinery for resolving international trade conflicts.

The two countries' trade complaints, notified to the first meeting of the WTO's dispute settlement body in Geneva yesterday, coincided with a renewed US push for rules to govern the composition and ethical conduct of trades dispute panels.

Mr Booth Gardner, US ambassador to the WTO, said his government's proposals were intended to build confidence in

the integrity and impartiality of the body, which has extensive powers to adjudicate on disagreements between WTO members.

Congressional concerns that these powers could infringe on national sovereignty prompted the Clinton administration last year to set up a committee of federal judges to review all WTO rulings on disputes which involve the US.

Venezuela has complained to the WTO about recent US regulations designed to cut pollution in several large cities by requiring oil companies to sell a cleaner form of petrol, known as reformulated gasoline.

Venezuela says the regulations violate WTO rules because they set higher

standards for imported fuel than for petrol refined in the US. It claims the measures would reduce its exports to the US by 50,000 barrels a day.

Singapore is challenging licensing arrangements for polypropylene and polyethylene imports introduced by Malaysia last April. Singapore says the arrangements have led to a sharp fall in its petrochemical exports to Malaysia.

The governments involved in both disputes have agreed to consult bilaterally - a step required by WTO rules. If they fail to resolve their differences, the complainants may ask the WTO to establish dispute panels.

That would automatically trigger the

opening of formal settlement procedures, which would result in reports by the panels. The countries involved could appeal the panel rulings to a WTO appellate body, whose decision would be final.

Mr Gardner called yesterday for an "ethical code of conduct" for members of the panels, the appellate body and WTO staff involved in disputes. He also proposed that panels include experts from non-governmental organisations as well as WTO diplomats.

That demand is likely to be strongly resisted by other WTO members, which fear that it would give environmentalists and other pressure groups too big a say in international trade policy.

## Malaysia struggles to kick football racket into touch

'Over 80% of matches may be fixed': Kieran Cooke reports

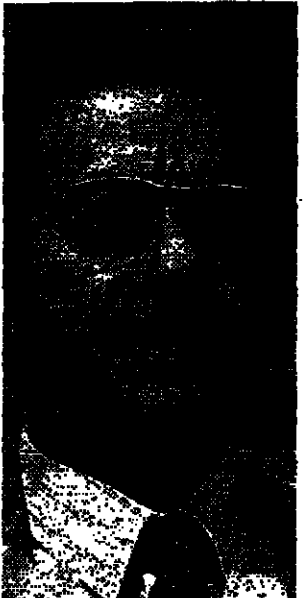
Beware of "The Blind One". Watch out for the "Fat Man". Never have any dealings with the man known as "Wavy Head".

The language is out of some colourful spy novel. But this is not the espionage game. This is the world of Malaysian football. "The Blind One" and his mysterious colleagues are said to be the kings behind a match-fixing racket widespread in the Malaysian football league.

Dr Mahathir Mohamad, the prime minister, has often reacted angrily to suggestions from abroad of widespread corruption in Malaysia. But the scale of the football bribery which has been disclosed in recent days has shocked the government. It has also provoked considerable anger on football terraces in Malaysia.

Officials admit that players on all 16 teams in the football league are likely to have been involved in match fixing. Mr Ghani Othman, the youth and sports minister, has said that more than 80 per cent of the 240 matches played in the league last year were probably fixed.

The government has promised tough measures to stop the foul play. So far more than 80 players have been questioned by police.



Dr Mahathir Mohamad, prime minister, often reacted angrily to suggestions from abroad of widespread corruption

admitted accepting bribes. He said the players could also be sent into internal exile.

Under this punishment, drawn up to deal with Chinese-controlled secret societies and triad gangs, players could find themselves in far-off jungle settlements for up to two years. They would not be allowed outdoors at night. Whether or not they will be allowed to play football was not disclosed.

The problems on Malaysia's pitches show signs of spreading elsewhere. Singapore, which plays in the Malaysian league, is being investigated by the island authorities after allegations of match fixing. Abbas Seed, an Australian midfielder who played a central role in Singapore's recent league and cup victories in the Malaysian league, was interrogated by police and has had his passport impounded.

Further afield, the English Football Association is investigating allegations that syndicates run from Malaysia or Singapore have offered thousands of pounds to players in the English league to throw matches.

The drama in Malaysia began last August when Michael Vana, a Czech who played for Singapore, was charged

with taking up to US\$250,000 (£160,000) in bribes.

A syndicate was said to be betting not only on which team would win and lose matches but also on the number of goals scored. Vana was given the money to ensure that the final tally was favourable to the syndicate.

Vana fled from Singapore while on bail and was last seen in Prague. He was sentenced, in absentia, to jail.

Vana's tactics has caused plenty of foul play between the Malaysian and Singapore teams in the Malaysian league.

Malaysian football officials say their Singapore counterparts are not co-operating enough in investigating the match-fixing allegations.

For its part, Singapore, which has always prided itself on being free of corruption, says it is doing all it can to keep the game clean.

## Peru-Ecuador clashes escalate

By Raymond Collett in Quito

The two-week border conflict between Ecuador and Peru has seen its heaviest fighting yet, with the Peruvian air force bombing Ecuadorian positions along the border.

The joint command of the Ecuadorian armed forces confirmed that Peru had carried out continuous air strikes against the Ecuadorian positions of Comoros and Base Sur in the Cordillera mountain range, with fighting intensifying yesterday morning.

In a televised speech at midnight on Thursday, Peru's President Alberto Fujimori claimed that the air force used 16 fighter aircraft in the attack. However, Ecuador rejects Peru's claim to have taken the strategic post of Tiwinza and says its forces remain in full control of its positions.

The heaviest combat in the last three days has occurred around the Cenepa river, which is Ecuador's only access to the Amazon. A ceasefire agreement still hinges on the extent of the demilitarised zone and the timing of the arrival of international observers.

Military analysts in Quito are beginning to question the low casualty figures that both sides are giving.

Ecuador is said to have incurred lower casualties than Peru because its troops are

deeply entrenched in defensive positions. However, the latest Peruvian attack is certain to have increased the total number of fatalities in the area.

Unsure of how long its vastly outnumbered military forces can hold up to the Peruvian forces, Ecuador is desperately looking for a diplomatic solution to the conflict.

Mr Heinz Mosler, the president of Congress, has called for more active mediation by the US.

Peru rejected an Ecuadorian proposal backed by the International Red Cross for a temporary halt to hostilities to recover unidentified corpses from the combat zone. Mr Fujimori said this was only a strategic manoeuvre by the Ecuadorians.

Ecuador's President Sixto Duran Ballen has called a meeting of all former presidents and vice-presidents to plan the government's next move.

Former presidents Mr Rodrigo Borja and Mr Oswaldo Hurtado said that they unconditionally supported Mr Duran Ballen in his effort to maintain the country's military position.

The Ecuadorian Congress has approved war taxes totalling some \$55m and will consider further fund-raising measures in coming days.

## REPEAT CALL FOR TENDERS FOR THE PURCHASE OF THE GROUPS OF ASSETS OF "HYMOKS HELLOS S.A.", OF ATERRES, GREECE

HYMOKS HELLOS S.A., Administration of assets and liabilities, S.A., a company with its registered office in Athens, Greece, (the Company), presently under special liquidation according to the provisions of article 46a of Law 1892/1990, by virtue of Decision No. 5100/94 of the Athens Court of Appeal, hereby repeats the call for tenders for the purchase of any or all the groups of assets mentioned below, each one of which is being sold as a single entity.

**BRIEF INFORMATION**  
The Company was established in 1958. On 7.11.94 it was placed under special liquidation according to the provisions of article 46a of Law 1892/1990. Its objectives included the processing of fruit and vegetables and, in particular, the production of fruit juice, tomato paste, tomato juice, compotes, instant vegetables and whole tomatoes and fruit pieces.

**GROUPS OF ASSETS OFFERED FOR SALE**  
1. A factory, standing on a plot of 8,530 sq.m., located in Tyrimos, together with the machinery and mechanical equipment contained in it (Lot Auction).  
2. A plot of land equal to 2,895 sq.m., located in Thessaloniki, together with the buildings standing on it (Lot Auction). (Lot Auction)

3. Other Assets (Lot Auction)  
a. Agricultural plots of land covering an area of 394 sq.m. in Xanthopoulos.  
b. Agricultural plots of land covering an area of 21,213 sq.m. in Lefkara, N. Elis.  
c. Agricultural plots of land covering an area of 1,211 sq.m. in Lefkara, N. Elis.

It should be noted that the plots of land in Xanthopoulos, N. Elis come from land redistribution in the area. Although these are currently mentioned as belonging to "HYMOKS HELLOS S.A.", on the registry books of the Land Registry Office, they appear to be owned by "KALAMAKIS S.A.", in the relevant redistribution/consolidation document, that is a clerical error. The Liquidator is taking measures to have this corrected.

The above agricultural plots of land are currently leased to third parties. A 225-metre distance from the plots is reserved for the use of the Company and its interest upon signing a confidentiality agreement.

**TERMS AND CONDITIONS OF THE AUCTIONS**  
The Auctions shall take place in accordance with the provisions of article 46a of Law 1892/1990 (as supplemented by article 14 of Law 2009/91) and subsequently amended, the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned or not. Submission of a bid constitutes acceptance of such provisions and other terms and conditions.

1. Bidding. Offers, submitted by interested parties, are hereby invited to submit their bids, not later than 13 March 1995, 12.00 a.m., hours to the Athens Notary Public Mr. Evangelos Drakopoulos, at 19, Voulas Street, 106 71 Athens, tel: +30-1-361.57.32, fax: +30-1-361.11.11.

2. Offers shall specify the offered price and the detailed terms of payment (in cash or instalments), mentioning the number of instalments, the date thereof and the proposed annual interest rate if any. In the event of not specifying a) the way of payment, b) whether the offered amount shall be paid in cash or by instalment, then it shall be paid in cash. It is deemed that a) the offered price is payable upon execution of the sale contract, b) the amount offered shall be paid in cash and c) the latest date shall be the legal date from time to time in force. In all cases where the offered amount is not paid in cash, the offer shall be accepted on the basis of the outstanding amount and shall be payable on the date of payment of each instalment. Should one wish to submit offers for both groups of assets, these should be submitted separately. Bidding offers submitted later than the above date shall not be accepted and shall be returned to the bidder. The offer shall be binding until the submission of the obligations deriving from the sale contract.

3. Letter of Guarantee. Bidding offers must be accompanied by a Letter of Guarantee, issued in accordance with the draft Letter of Guarantee contained in the Offering Memorandum, by a bank legally operating in Greece, to remain valid until the liquidation. The amounts of the Letters of Guarantee must be as follows: (a) for the factory in Tyrimos (Lot Auction) DRG. SEVEN MILLION (7,000,000), (b) for the plot of land located in Thessaloniki (Lot Auction) DRG. TWENTY MILLION (20,000,000) and (c) for the other assets (Lot Auction) DRG. TWENTY FIVE MILLION (25,000,000).

4. Letters of Guarantee must be returned after the liquidation.  
5. Bidders must submit their bids together with the Letters of Guarantee to be submitted in sealed envelopes. Sealed envelopes shall be used in present or through a duly authorised agent, of the creditors of the Company. For the purposes of evaluation, an offer to be paid in instalments shall be assessed on the basis of its present value to be calculated by compounding a 22% annual discount interest rate, compounded yearly.

6. The Liquidator shall give written notice to the highest bidder for each group of assets to appear on the date and place mentioned therein and execute the contract of sale in accordance with the terms contained in his bidding offer and/or any other improved terms, which may be suggested by the Creditors and approved by the Liquidator. In the event of the highest bidder not complying with such obligation, the letter of Guarantee shall be forfeited as a penalty. Auctioneers shall be deemed to take effect upon execution of the contract of sale.  
7. All costs and expenses of any nature in respect of the participation and the transfer of the assets offered hereby for sale shall be conclusively borne by the participants and the purchaser respectively.

8. The Liquidator and the Creditors shall have no liability or obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to reject or cancel any offer or any decision whatsoever in connection with the proceedings of the Auctions. The Liquidator, the Creditors and the Notary Public shall have no liability for any legal or actual defects of the assets. Submission of a bid shall not create any right to the liquidation and/or their participation in the auction or any right, power or claim from this liquidation and/or their participation in the Auctions against the Liquidator and/or the Creditors for any reason whatsoever.

9. This invitation has been drafted in Greek and translated into English. In any event, the Greek version shall prevail.  
In order to obtain a copy of the Offering Memorandum for each of the above groups of assets and any further information please apply to the Liquidator, "Hymokhs Hellos S.A.", Administration of Assets and Liabilities, 1, Stoussiou Street, Athens 10561, Greece, Tel: +30-1-323.14.84-7, fax: +30-1-323.17.07 (telex: 200000 Hymokhs), or to the Notary Public, Mr. Konstantinos Kyriakidis, 120 Solon Street, Athens, Tel: +30-1-361.48.29.







## INTERNATIONAL COMPANIES AND FINANCE

## Nomura slips into red for first time

By Gerard Baker  
in Tokyo

The severity of the Japanese stockbroking crisis was underlined yesterday when Nomura Securities, the broker whose name was once synonymous with Japan's financial might, declared the first loss in its history.

Until yesterday, Nomura was one of the few companies to have avoided a deficit.

The company said the continuing weakness in domestic equity markets and losses in overseas subsidiaries had produced a ¥20bn (\$302m) pre-tax loss for the group in the 10 months to January 31.

Last October, the company forecast a consolidated profit of ¥70bn for the full year to March. The group had declared a loss by US accounting principles once before, but never by Japanese rules.

The company, the largest Japanese broker, said it was

taking the unprecedented step of declaring its results for the first 10 months to dispel press speculation about the scale of its difficulties.

Nomura's pre-tax profits fell from a peak of ¥485bn in 1990, to ¥3.5bn in 1993, before recovering to ¥50.8bn last year.

Mr Atsushi Seto, executive managing director, said a decline in commission revenues triggered by a slump in trading volumes on the Tokyo Stock Exchange had all but wiped out the parent company's domestic profits.

The parent made a pre-tax profit of ¥10bn in the 10-month period, against an October forecast of ¥70bn for the whole year.

Since October, the average daily value of shares traded on the TSE has been ¥280bn, down from ¥350bn in the first six months of the year, and well below break-even level for most stockbrokers.

Equity trading in Tokyo

peaked during the years of the "bubble economy" when asset prices in Japan soared.

Since 1990, share prices and trading volumes have collapsed. In spite of recent indications of a profits recovery on the back of a strengthening economy, there is little sign of an end to the malaise.

Nomura's domestic difficulties were compounded by substantial losses overseas.

In the 10 months to January, the overseas subsidiaries posted a combined loss of ¥20.5bn, with European units performing particularly poorly as bond and equity trading declined sharply.

The collapse in the Japanese equity market in the past four years has meant the country's over-populated broking sector has been submerged in losses.

In spite of increasingly aggressive cost cutting, which has seen staff cut by more than 10 per cent in the past two years, aggregate pre-tax losses

at the 20 leading brokers were ¥39.2bn in the six months to September 1994.

Analysts were yesterday forecasting that the Nomura news would mean-term problems for some of them.

"If Nomura has been brought to this, then it's a certainty that many of the other brokers, especially the smaller ones, will be in severe difficulties," said Mr J. Brian Waterhouse, financial sector analyst at James Capel Pacific in Tokyo.

The Big Four - Nomura, Nikko, Yamatai and Daiwa - are less dependent on stock trading income than smaller companies and are also better capitalised.

Others have seen their capital eroded by massive losses in the last four years.

Two of them, Cosmo Securities and Sanyo Securities, have been rescued by related banks.

The sector's position has been further weakened by regulatory changes.

## Swiss group to take over Trygg's US associate

By Hugh Carnegie  
in Stockholm

The fate of Home Holdings, the troubled US associate of Swedish insurer Trygg-Hansa, was decided yesterday when Trygg reached a definitive agreement with Zurich Insurance for the Swiss group effectively to take over Home.

The agreement, which requires regulatory approval, draws a line under Trygg's disastrous foray into the US market.

Zurich, one of Europe's top three insurance groups, will take over the management of Home immediately and will be able to renew all existing Home business.

Zurich plans to buy out Trygg's 64.5 per cent stake in Home over an eight-year period. The Swedish group began to acquire the US associate four years ago.

Zurich will also buy out the share of Home not held by Trygg or Centre Re, a Zurich affiliate and the other main shareholder.

Home will be delisted from the New York Stock Exchange. The Zurich deal will leave Trygg with a write-down requirement from Home of SKr2.5bn (\$308m) and total losses of SKr4.5bn.

Trygg ran up more than SKr5bn in domestic losses from its involvement in collapsed banking and credit insurance ventures.

The Zurich takeover of Home replaced an original agreement struck by Mr Lars Thunell, appointed Trygg chief executive last year, with a group of American investors who were prepared to refinance Home to maintain its independence. However, Zurich's terms meant SKr500m less in losses for Trygg, so Mr Thunell changed investors.

In addition to initial terms announced last month, Zurich is offering new guarantees for Home bond and policyholders in response to demands from US insurance regulators. These included guaranteeing interest payments on Home bonds for two years and \$1bn insurance from Centre Re for policy holder protection.

Revenues from shuttle

## Eurotunnel misses target

By Charles Batchelor,  
Transport Correspondent

Eurotunnel, the Channel tunnel operator, achieved revenues of £20.8m (\$47.4m) in 1994, its first year of operating train services, but missed a target of £25m.

The company had forecast in its May rights issue prospectus that 1994 revenues would reach £157m. But delays in launching services forced it to revise its forecasts downwards in October. The final 1994 quarter accounted for £23.8m of total revenues.

In addition to earnings from

The knock-on effect of the delays will mean that traffic and revenue levels in 1995 will also be lower than first forecast.

However, the company said it hoped that before the year-end shuttle traffic volumes would reach the monthly levels implied in the prospectus.

In spite of the loss of revenues, Eurotunnel's cash position at the end of 1994 was only £11m less than forecast in the prospectus. The company had about £300m remaining from the £250m of equity raised and all of the £587m of promised bank loans.

ticket sales. Eurotunnel received £10.6m from the railways to increase their payments to the level of an agreed minimum usage charge.

But there is a dispute over a further payment to which Eurotunnel believes it is entitled under this arrangement. British Rail and SNCF French Railways maintain they were not required to pay the full charge until the date they launched commercial Eurostar services on November 14. Eurotunnel believes payments should have started earlier.

Eurotunnel's shares closed down FF4.45 at FF25.15 in Paris.

## Fight to get back on track

The next months are critical, writes Charles Batchelor

When Sir Alastair Morrison became co-chairman of Eurotunnel eight years ago the project was dogged by delays, financial difficulties and doubts about the credibility of the venture. The tunnel is now built and train services are running. But has much really changed in the intervening period?

The past 12 months have been marked by missed start-up deadlines. Uncertainty continues to surround the financial soundness of the project, and the £10.5bn venture has still to convince the doubters that it can succeed.

Sir Alastair is not known for being faint-hearted. He remains as convinced as he was on day one that the project will succeed and that 1995 will mark a turning point. "Now is the time to say 'phew!'" he declares.

"We have got to the point where we can start winning traffic, when Eurostar can start getting passengers and we can make some inroads into the market for rail freight."

He acknowledges that the loss of revenues from the delayed start-up is serious. But provided Eurotunnel can start to claw back the deficit over the coming months he believes it can reassure its bankers and shareholders.

Sir Alastair says April and May will be the crucial months for Eurotunnel. This should be when:

Revenues from shuttle

operations and the fees paid by the railways for running the Eurostar services exceed operating costs.

Revenues from shuttle

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## Cost-cutting boosts Toyota at interim

By Michio Nakamoto  
in Tokyo

Toyota, Japan's largest car maker, yesterday reported a more than nine-fold increase in first-half operating profits on the strength of cost-cutting and a recovery in the Japanese market.

It was also the first time in five years that Toyota had posted an increase in pre-tax profits in the first half.

Operating profits for the parent company in the six months to December jumped to ¥71.1bn (\$881m) from ¥9.5bn in the previous term as Toyota cut deeply into its cost base. Sales grew 2 per cent to ¥4,070bn from ¥3,987bn.

Pre-tax profits were up 79 per

cent to ¥148.8bn from ¥83.2bn, while net profits were 74 per cent ahead at ¥68.5bn from ¥39.4bn.

Toyota attributed its improved performance to cost-cutting and a recovery in domestic demand.

During the period, the company slashed ¥70bn from costs after cutting ¥150bn in the year to June 1994.

Toyota is continuing its cost-cutting programme and expects to see further improvements.

In Japan, where demand has been rising since the summer, Toyota saw sales increase by just over 2 per cent in unit terms.

The company last year launched a successful recre-

ational vehicle and remodelled many of its popular models. An increase in sales contributed ¥35bn to operating profits.

However, Toyota which lost market share in Japan last year, was unable to benefit from the surge in truck sales and imports which saw the strongest growth during the year.

Its share of the car market, excluding minicars, last year was down to 41.5 per cent from 42.3 per cent.

In terms of exports, Toyota increased unit exports by almost 9 per cent, in spite of the yen's continuing strength.

Exports to North America rose 16.5 per cent as markets strengthened there.

Exports to Europe were also

up, by 11.5 per cent, although the rise is from a low base in the first half of 1993, Toyota said.

However, Toyota's performance was hit by the appreciation of the yen which contributed to a fall in operating income of ¥40bn, according to the company.

Toyota is changing its year-end to March this year and will announce nine-month results to the end of March.

It has revised upwards its pre-tax profits forecast for the nine-month period to ¥250bn from an initial ¥200bn.

Net profits are expected to be ¥190bn rather than an earlier estimate of ¥100bn.

The sales forecast is unchanged at ¥8,200bn.

## Price and volume increases help lift Stora to SKr3.21bn in 1994

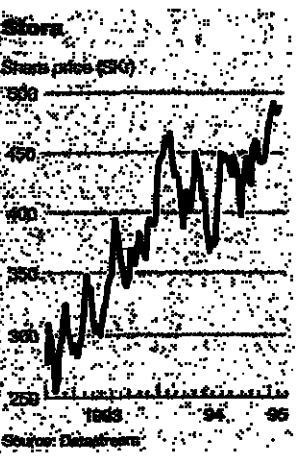
By Hugh Carnegie  
in Stockholm

A rapid recovery in the forestry industry was underlined yesterday when Stora, the big Swedish group, announced a six-fold increase in profits in 1994.

Preliminary figures showed profits after financial items jumped to SKr3.21bn (\$429m) in the full year, from SKr529m in 1993. The profit adjusted for non-recurring items such as capital gains, was significantly lower, at SKr2.63bn, but the scale of growth was still far ahead of underlying sales growth of just 14 per cent.

Total sales in 1994 were SKr4.9bn, down from SKr5.04bn, but this was mainly due to the divestment during the year of Tarkett, Europe's largest manufacturer of hard flooring.

Industry observers say prospects for 1995 are even stronger



for Stora - which was recently overtaken as Europe's biggest forestry group by its Swedish rival SCA, when the latter bought 60 per cent of the German group PWA.

In addition to capital gains, Stora benefited from the weak

level of the Swedish krona in 1994 and cost-cutting during the recession. But the biggest boost appeared to come from rising volumes and, in the latter part of the year, rapidly rising prices for pulp, fine papers and coated magazine paper.

Although it declined to give details until its full results are published next month, Stora said SKr1.17bn of full-year profit was earned during the fourth quarter.

Income excluding non-recurring items in the fourth quarter was SKr1.19bn.

Analysts said the result was better than expected, with forecasts mainly pitched below SKr2bn.

Stora shares rose sharply early yesterday after the figures were announced, but fell later in line with a general slide on the Stockholm stock exchange to end the day down SKr2 at SKr490.

## Samsung Electronics advances

By John Burton  
in Seoul

Samsung Electronics, South Korea's largest electronics company, reported a 450 per cent increase in provisional net profits for 1994 to Won850bn (\$1.07bn), due to increased exports for semiconductors.

Sales rose 39 per cent to Won11,300bn, exceeding its target for 1994 of Won10,000bn.

As the world's leading producer of dynamic random access memory (DRAM) chips, which store computer data, Samsung benefited from rising global demand for personal computers.

Sales of Samsung semiconductors increased 61 per cent to \$4.9bn last year, accounting for 4.5 per cent of total market share worldwide, according to

Dataquest, a semiconductor market research company.

The semiconductor division is estimated to account for between 70-80 per cent of Samsung's net profits, according to analysts.

The company's other main products include consumer electronics, telecommunications equipment and personal computers.

Samsung was helped by the depreciation of the Korean won against the yen, while the rise of the yen against the US dollar increased prices for Samsung's mainstay 4-megabit DRAM chip to \$12 from \$10.

Samsung has set a sales target of Won13,200bn for 1995, including \$12bn in exports as global demand increases for the 16-megabit memory chip that it began to produce last

year. However, analysts expect that growth in net profits in 1995 may be sluggish, because of a 30 per cent increase in investments to Won3,000bn.

Investments include Won700bn on research and development, and Won2,300bn on production expansion.

To finance the investment, Samsung plans to issue \$700m worth of depositary receipts and bonds this year against \$200m in 1994.

LG Electronics, the new name for Goldstar Electronics, reported that net profits for 1994 increased by 98 per cent to Won130bn as a result of higher sales of consumer electronics in Korea and brisk exports.

Sales increased by 23 per cent to Won5,300bn.

## NEWS DIGEST

## US cable TV groups seal QVC deal

The long-running takeover of QVC, the US home shopping TV channel, came to an end yesterday as Tele-Communications Inc (TCI) cable TV companies, said they controlled 58.7 per cent of QVC's equity, writes Tony Jackson in New York.

The \$1.42bn agreed deal, first announced last summer, had been held up by a challenge from the competition authorities.

The deal means that TCI, the largest US cable company, raises its stake in QVC to 30 per cent from about 20 per

cent, while Comcast, the fourth biggest operator, takes its stake to 57 per cent from 16 per cent. The two companies, which have long-standing links with QVC, bid jointly for the company last August. In response to an offer from CBS, the TV network operator.

The competition challenge from the Federal Trade Commission (FTC) focused on the fact that TCI also owns a controlling stake in a rival home shopping channel, Home Shopping Network. QVC and Home Shopping control almost all the US market between them, with roughly equal shares.

Earlier this week, the FTC voted unanimously not to block the deal.

## NEC and Groupe Bull in venture

NEC, the Japanese electronics group, and its affiliate comput-

er-maker Groupe Bull of France plan to sell a new very large mainframe computer in Japan and France in December 1995, writes Reuter from Tokyo.

NEC said the two companies will jointly develop a next-generation version of NEC's mainframe computers, which NEC supplies to Bull on an original equipment manufacturing (OEM) basis.

NEC aims to sell about 80 new computers in Japan over the three years from December 1996.

NEC said the market trend is for open-system server computers. Earlier this month, it announced a development agreement with Hewlett-Packard, the world's leading supplier of OPEN-systems computers.

Last December, NEC submitted a bid for a bigger stake in the soon-to-be privatised Bull. But Mr Kobayashi declined to

comment on how many additional shares NEC would buy. NEC currently owns 3.74 per cent of Bull.

## Repat returns to the black

Repat, one of North America's top coated paper producers, swung back to profitability in the fourth quarter with a strong recovery in product prices, reports Robert Gibbons in Montreal.

Net profit was C\$12.2m (\$8.8m), or 10 cents a share, against a net loss of C\$88.7m, or C\$1.05, share a year earlier on revenues of C\$514m, up 47 per cent. For the full year, Repap posted a net loss of C\$68.4m or 75 cents a share against a loss of C\$81m (after special charges) in 1993 equal to C\$2.50 a share.

Revenues were up 31 per cent to C\$1.7bn.

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THE SUNDAY TIMES IS THE SUNDAY PAPERS



## COMPANY NEWS: UK

Provision for bad and doubtful debts cut by £368m

## Lloyds Bank improves 26%

By John Gapper, Banking Editor

Lloyds Bank yesterday pleased the market by announcing a 26 per cent rise in pre-tax profits from £1.03bn to £1.3bn, as its retail banking business showed signs of resumed growth.

The outcome was buoyed by a 73 per cent decline from £503m to £135m in provisions for bad and doubtful debts.

Lloyds' shares rose 10p to 560p, prompting sympathetic gains among the other clearers, after the bank disclosed that its domestic net interest margin widened slightly in the year to December 31, and new mortgage lending rose 21 per cent, contributing to a 1 per cent rise in its domestic assets.

Sir Brian Pitman, chief executive, said Lloyds was starting the year "with a tailwind" for the first time in three years because customer balances were rising and there had been a "pick-up" in lending to small businesses.

Sir Robin Ibbes, chairman, indicated that the bank would not make further acquisitions until the completion of its £1.8bn purchase of Cheltenham & Gloucester Building Society, due this autumn after a vote of C&G members in the spring.

Sir Robin, who declined to discuss whether Lloyds might buy the outstanding 37 per cent of Lloyds Abbey Life, said it was "always wise to complete the task in hand before

rushing eagerly on to a new one".

The bank said there were "no plans for any issue of equity" to fund the purchase, although it is expected to reduce the tier 1 ratio of core capital to risk-weighted assets from 7.8 per cent to 5 per cent.

Sir Brian said that, without the C&G acquisition, Lloyds would already have become over-capitalised. Shareholders' equity grew by 20 per cent to £2.66bn, and it raised an additional £800m in loan capital.

The final dividend is 18.3p, making 25.8p (22.1p) for the year, a rise of 17 per cent. Earnings per share rose 30 per cent to 61.7p (47.4p) and post-tax return on shareholders' funds rose to 23.7 per cent (21 per cent).

Staff received £44m (£57m) under the bank's profit-related pay scheme, and it will introduce a separate government-backed profit-related scheme from April. However, unions called for staff to receive further benefits from profits.

Although the trading surplus of income over expenditure fell by 6 per cent, from £1.81bn to £1.41bn, operating profits, boosted by the lower bad debt provision, improved 27 per cent to £1.28bn (£1.01bn).

Profits before tax in the UK retail banking and insurance division rose to £437m (£319m), while corporate banking and treasury contributed £302m (£280m) and private banking



Sir Robin Ibbes: keen to complete 'task in hand'

and financial services £26m (£98m). Pre-tax profits from international banking fell from £163m to £112m, partly due to a loss on a government securities portfolio held by Banco Multiplic, a Brazilian associate, and lower dealing profits elsewhere.

The problem country debt division contributed £324m (£260m) helped by a £248m release (£48m) of former provisions. Sir Brian said that the financial crisis in Mexico had "no material effect" on Latin American businesses.

See Lex

## Wimpey acquires McAlpine minerals

By James Whittington

George Wimpey, Britain's biggest housebuilder, has strengthened its aggregates interests by acquiring Alfred McAlpine's UK minerals division for £43.5m cash.

The 16 quarries and five asphalt plants acquired are based mainly in Scotland and Wales and have total reserves of 100m tonnes. Net operating assets to be purchased were £38.3m at the end of 1994, while operating profit was £2m on turnover of £18.5m in the eight months to June 30.

The price includes an estimated £12m repayment of inter-company debt. Although the agreed price represents a premium to net book value, analysts said McAlpine had originally sought more than £50m for the businesses.

Mr Garry Forster, company secretary at McAlpine, said the money received would be used to reduce net borrowings of £30.2m at the end of December 1994, leaving a balance of 16 per cent to about 3 per cent. The disposal would be "broadly earnings neutral".

Mr Joe Dwyer, Wimpey chief executive, said the purchase was in line with the group's strategy of consolidating its aggregates division. It would "match perfectly Wimpey's current mineral operations, which are based mainly in Scotland and Wales".

The acquisition will add about 4.5m tonnes of dry-stone and 400,000 tonnes of coated stone to Wimpey's current output of 12m tonnes of dry-stone and 2.7m tonnes of coated stone. The combined quarries will make Wimpey Minerals the UK's fifth largest producer of dry-stone and fourth largest of coated stone.

Mr Richard Saville, finance director, said the purchase would probably increase earnings by some 5 per cent, but added that it would still be less than 20 per cent.

He expected operational efficiencies and a cut in overhead costs to improve the acquired businesses' annual operating profits to £4.5m. He estimated rationalisation costs of about £1m in the first year.

McAlpine retains its US aggregates division and its UK specialist roofing slate and asphalt laying business.

Industry analysts described the sale as good news for both companies. Wimpey's shares rose 5p to close at 128p, while McAlpine's were up 1p at 164p.

The proposed sale will be put to McAlpine shareholders at an extraordinary meeting on February 27.

## Strong second half at Forte's London hotels

By Motoko Rich

Forte, the hotels and restaurants group, said yesterday that sales in its London hotels had continued to improve in its second half. Occupancy rates remained above 80 per cent and the average price per room was up 10 per cent in the six months to January 31.

Posthouse, the UK three-star brand created in 1992, had performed particularly well. However, Forte had come under competitive pressure in the UK provinces, and hotels in northern Europe had performed unpredictably.

In September, the group reported pre-tax profits up 62 per cent at £60m for the six months to July 31, on sales of £889m.

It said changes in the accounting treatment of property sales subject to lease-backs would change some figures in the 1993-94 accounts: £410m would be added to net operating assets and £460m to liabilities. A non-cash accounting charge of £10m would be taken against 1994-95 profits.

The shares dipped 3p to 245p.

Mr Roy Tutty, deputy group director of Forte Hotels, has joined the Department of National Heritage on secondment for a year as tourism adviser.

## Greenwich Comms losses reduced

Reduced annual losses were reported by Greenwich Communications, the USM-traded group which supplies and installs satellite television receiving equipment in Portugal.

The outcome of £45,200 before and after tax for the year to August 31 compared with losses last time of £85,300 and came on turnover down 15 per cent at £231,400.

## Six more defections in Warburg 'brain drain'

By Conner Middelmann and John Gapper

The brain drain from SG Warburg's equity capital markets group continued yesterday with the departure of another six syndicate officials from the 30-strong team.

They are thought to have approached Morgan Grenfell, Deutsche Bank's investment banking subsidiary, with a view to joining their former bosses, Mr Maurice Thompson and Mr Michael Cohrs, who resigned as joint heads of equity capital markets on Tuesday to take up similar roles at the German bank's subsidiary.

The latest defections are Mr David Charters and Mr Jeremy Bailey, both directors, Mr Adam Shutever, Mr Bruce Rigal, Mr Hubert Keller and Ms Dawn Singleton.

The news was another blow to Warburg after five difficult months during which the bank has issued a profits warning, failed in merger talks with Morgan Stanley and largely pulled out of the eurobond market. Its share price fell by 25p to 726p yesterday.

Shareholders expressed some

concern, and one questioned whether Warburg's management, under Lord Cairns, its chief executive who is to become chairman in June, was as strong as it had been in the 1980s. "There seems to be a bit of untidiness there at the moment," said one investor. But another was "still comfortable" with developments, arguing that it mirrored uncertainty at other investment banks.

Warburg said: "Teams come and go - it's a fact of life," adding that the posts had already been filled internally. "Warburg has one of the best names in the equity business and that hasn't changed."

However, some say Warburg's syndicate expertise may prove hard to replace overnight. "They are one of the top teams in the market - innovative and creative, and they had the kind of deals that allowed them to develop new ideas and techniques," said a dealer.

Equity capital markets departments handle primary equity issues done through bookbuilding, including most international issues and some UK privatisations.

Demand for highly qualified

equity specialists is likely to continue rising as houses jockey for position in the race for lucrative privatisation mandates. Bankers estimate that some £100bn to £200bn (£125bn) of state-owned companies worldwide are slated for privatisation in the next 5 to 10 years. "The fees earned on those mandates will be enormous," said one banker.

That may explain the heavy salaries being awarded to experienced equity syndicate hands. While packages of between £1m and £2m for senior executives are considered the norm, Cohrs and Thompson are thought to have been offered much more.

Distribution staff, such as sales and trading, and research analysts are also expected to be sought after as houses beef up their equity operations.

Warburg's highly rated corporate finance and research teams remain an asset for the bank which some say will facilitate a comeback. Primary equity business is "won by corporate finance and executed by sales - the syndicate team is just one link in the chain," said a rival syndicate manager.

See Lex

## Littlechild sparks Capel downgrading of generators

By Peggy Hollinger

The government's plans to sell its 40 per cent stake in National Power and PowerGen, the UK's two largest generators, yesterday suffered a further publicity setback as a leading London broker downgraded his recommendation on the shares.

James Capel, one of the few London brokerage houses not tied up in the international syndicate marketing the shares, has moved its recommendation from a buy to a hold after the publication of the pathfinder prospectus on Monday.

Publication had been delayed by a week after Prof Stephen Littlechild, the electricity regulator, warned the generators that he was monitoring their actions in light of recent high price rises.

Mr John Reynolds, Capel's electricity analyst, said the pathfinder had increased concern over the issue. "The regulatory risk now is greater than at any stage previously."

His opinion was backed by other analysts who said the prospectus had failed to give as much comfort as it might have done. "The regulator gives virtually no indications of where the generators stand in terms of a possible Monopolies and Mergers Commission referral," said one.

The prospectus drew together recent statements made by the regulator on recent high electricity prices and undertakings to dispose of 6,000MW of generating capacity. If the regulator is not satisfied on either issue he has said he could refer the generators to the MMC.

See Weekend Money

## Headway lowers deficit but gives warning

Headway, the packaging and furniture group, cut pre-tax losses from £288,000 to £221,000 for the six months to December 31, but warned that it might have to close its Aronstead garden furniture and nursery products company.

The shares yesterday dipped 2p to 40p.

Turnover was 19 per cent higher at £13.3m compared with £11.2m. Interest charges increased to £117,000 (£101,000) but there were no reorganisation costs against £130,000 last time.

Losses per share were reduced to 0.9p (£1.6p).

## Styring returns to Comet as chairman to plan recovery

By David Blackwell

Kingfisher yesterday brought Mr Eddie Styring back to the Comet electrical retail chain, among a string of other appointments.

He returns as chairman, to take charge of the chain's recovery plan.

The group said the moves illustrated the determination of Sir Geoffrey Mulcahy, who was last month demoted from executive chairman to chief executive, to take prompt and decisive action to get experienced retailers in all of its businesses.

Mr Styring, 50, was described

by one observer as "a steady pair of hands just when it's needed - but he will be imaginative as well".

He left Comet in 1990 to turn round European Brands, a management buy-out marketing cosmetics and haircare products. In the two years before he left, Mr Styring worked with Mr Brent Wilkins, now managing director at Comet, more than doubling operating profits to £29m.

Mr Martin Toogood has moved from retail director of Woolworths to become managing director of B&Q Supercentres under Mr Jim Hodgkinson, chief executive. Mr

Toogood is replaced at Woolworths, which has similar problems to Comet, by Mr Leo McKee, personnel director.

Mr Saeed Hattessa, formerly of Marks and Spencer, is leaving Woolworths and will be replaced by two trading directors from within Kingfisher to head merchandising and buying - Mr George Adams and Mr Kevin McCarten.

Sir Geoffrey plans to unveil the strategy to arrest the decline at Woolworths and Comet on March 14.

The shake-up at the top of Kingfisher followed clashes of management style and steep falls in profits.

## BAA plans Manila venture

By James Harding

BAA, the airports group, is planning to build an airport terminal in Manila - its first outside the UK - in a joint venture with a consortium of businessmen from the Philippines.

The proposal to develop a new international terminal at Aquino airport, marks an important step in BAA's efforts to build an international hub.

The project, details of which are still being worked out with BAA's partners, Asia's Emerging Dragons Corp, will come before the government for approval next month. Mr Gordon Edington, group property

director and chairman of BAA International, yesterday met President Fidel Ramos to discuss the plans.

Mr Edington has held a series of meetings with AEDC, a group of six of the country's ethnic Chinese business leaders, to discuss their joint undertaking to construct a 10m passenger terminal to open in 1998, the centenary of Philippine independence.

The financing of the project is still under discussion but observers estimate that it will cost \$300m (£194m). Of that, 25 per cent is expected to be provided by the two partners with BAA contributing less than half.

Construction of the terminal

is likely to be carried out by the joint venture, with BAA taking over the management of the airport on completion.

Forecasts of rising passenger traffic for the Philippines indicate that Aquino airport will have to increase its capacity from the current 6m people a year to 11m by 2003.

As well as the construction of the Manila terminal, BAA and AEDC are also considering developing a domestic terminal at the former US Clark Air Base, 50 miles north of the capital. Building the smaller airport at Clark is contingent on agreement for the international terminal, but could be finished as early as November 1996.

## Senior served with contract writ

By Andrew Baxter

Senior Engineering, the tubular products, ducting and thermal engineering company, yesterday said it had received a writ in connection with a dispute over reliability problems on a completed UK contract.

The announcement comes only four months after Senior said problems on several contracts, and a shortfall in orders, in its thermal engineering division would leave 1994 pre-tax profits "significantly lower" than the £24.2m achieved in 1993.

The shares rose 8p yesterday to 78p in spite of the latest reverse, which concerns a contract in a large turnkey power project business - discontinued in 1992.

The statement was made partly to stabilise the shares, which had drifted from about 85p at the start of the year to 68p on Thursday, amid fears

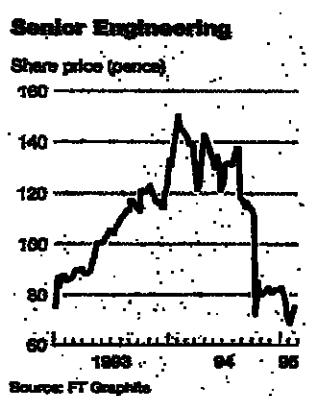
that Senior's silence presaged further bad news from thermal engineering. In the event, the company stressed its confidence that 1994 profits, due to be announced at the end of March, would be in line with market forecasts of £18m to £19.5m.

The main problem in thermal engineering had been a significant, unidentified UK contract which had been hit by worsening cost overruns.

Although the final negotiations on the contract still involved some uncertainties, the company indicated the division would still break even in 1994, as previously indicated. Mr John Bell, chief executive, said some of the smaller contract problems had been resolved more favourably than initially expected.

He said the company would mount a vigorous defence against the writ, which it received last week. It involves a claim that was handed over to the customer in early 1993, and on which there was a warranty until this month.

Mr Bell said Senior had provided for the expected £3.5m cost for "fixing" the plant's reliability problem. Directors believed any further significant provision was unlikely.



Source: FT Graphix

## RESULTS

	Turnover (£m)	Pre-tax profit (£m)	RPS (%)	Current payment (%)	Date of payment	Dividend/Shareholder dividend	Total for year	Total for year
Greenwich Comms 6	0.221	(0.282)	0.045	(0.065)	0.051	-	-	-
Headway	13.3	(11.2)	0.221	(0.282)	0.5L	(2.5L)	0.7	0.7
Lloyds Bank	-	(-)	1.304	(1.031)	0.17	(47.4)	18.3	22.1
Schibsey	-	(-)	-	(-)	-	-	6	24

	NAV (£)	Attributable earnings (£m)	RPS (%)	Current payment (%)	Date of payment	Corresponding dividend	Total for year	Total for year
Investment Trusts								
Available Smaller	137.98	(142.88)	1.16	(0.722)	2.68	(3.46)	1.4	3.1
Prudential Plc	50.23	(-)	1.12	(-)	0.7	(-)	3.46	6.48
Greenwater	448.7	(482.84)	0.845	(0.882)	7.35	(7.65)	4.85	6.65
Jersey Phoenix	-	(-)	0.812	(0.473)	3.23	(3.05)	1.25	5.25
Murray European	65.9	(64.4)	0.182	(0.255)	0.61	(0.85)	0.95	0.95

Dividends shown net. Figures in brackets are for corresponding period. \$USM stock, \$/Apr £130m (£200m) provision for bad and doubtful debts. +Group US cents. +Comparative retained. @From November 1 1993 (date of incorporation) to December 31 1994. @Second interim makes 2.5p to date; paid gross to non-Jersey residents.

سكيا من الالاميل



infections in  
brain drain

by Trafalgar

and swings  
and referrals



COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS  
Analysts  
welcome  
shake-out

Metals markets ended the week in a nervous state after a few days of what one trader described as "carnage". Investment funds started to pull some of their money out of commodities and caused very sharp price falls. However, London Metal Exchange prices recovered late in the week and were helped again yesterday by substantial falls reported in LME stocks - which indicated that demand for physical metal remains solid.

Nevertheless, the performances of the LME metals varied greatly. By the close last night, copper for delivery in three months had regained most of its losses and was only 0.2 per cent below its starting

level on Monday morning, at US\$2,874.50 a tonne. In comparison, nickel lost 11.8 per cent of its LME value over the week to close at \$8,553 a tonne.

Among the other LME metals, tin was down 2.15 per cent over the week, lead was down 6.1 per cent, zinc lost 7.6 per cent and aluminium ended 8.18 per cent down.

Metals prices have been heavily influenced over the last 15 months by investment funds, based mainly in the US. It was to be expected that at some point they would take their profits - \$1,000 a tonne on some metals - and quit the markets.

They moved this week, having decided to shift some of their money into reviving bond and equity markets. The "sell" signal seems to have been triggered late on February 9 by employment statistics which

indicated US economic growth was slowing at last. There was also concern that recent increases in US interest rates would hit two big metal users, the car and construction industries.

Many analysts welcomed the shake-out in metal prices as overdue because markets had become overvalued and needed to cool down. Mr Jim Lennon, analyst at Macquarie Equities, part of the Australian banking group, said: "It brings some semblance of reality back to markets which had been driven too far upwards by speculative buying."

"Nevertheless, the underlying fundamentals still remain strong for all the metals. Consumption growth shows no signs yet of easing in any of the main markets."

Mr Lennon says the funds probably still have some selling to do. On balance, "it is likely that the present price rally will be short-lived and a further sell-off will take prices to below fair value currently justified by the fundamentals."

Mr Ted Arnold, analyst at the Merrill Lynch financial services group, also suggests that "there might be some good price rallies left in metals markets but they will be seen as opportunities to sell. I think the bear market is here."

At Old Market, an associate of Jardine Fleming, Mr Nick Moore suggests the present market situation is "a bit like watching a man on a tightrope - will he fall or will he make it across?" Mr Moore says the metals price fall was "a much needed dose of sobriety." It was not just a correction but "a de-rating of metal prices."

He suggests that prices might fall by 20 to 30 per cent from the peaks they reached in mid January. But this would still leave them at levels very profitable for producers.

While LME stock figures yesterday showed falls for all metals, the International Primary Aluminium Institute surprised the market with statistics showing that total aluminium stocks at western smelters rose to 3,569 tonnes in December.

Kenneth Gooding

WEEKLY PRICE CHANGES

	Latest price	Change on week	Year ago	1994-5	Low
Gold per troy oz.	\$378.50	+0.70	\$380.75	\$398.50	\$369.50
Silver per troy oz.	\$325.50	+0.35	\$328.00	\$345.00	\$298.50
Aluminium 25kg (cash)	\$1,010.0	-174.5	\$1,184.5	\$1,107.50	\$1,070.50
Copper 25kg (cash)	\$2,874.5	+10.5	\$2,864.0	\$3,055.0	\$2,781.50
Lead 25kg (cash)	\$2,045.0	-42.5	\$2,087.5	\$2,280.0	\$1,965.0
Nickel 25kg (cash)	\$8,553.0	-112.0	\$8,665.0	\$10,100.0	\$7,500.0
Zinc 25kg (cash)	\$1,515.0	-40.0	\$1,555.0	\$1,610.0	\$1,455.0
Tin 25kg (cash)	\$24,000.0	-1,150.0	\$25,150.0	\$27,000.0	\$22,000.0
Cocoa futures May	\$1,007.00	N/C	\$987.00	\$1,214.00	\$939.00
Coffee futures May	\$1,010.00	N/C	\$1,000.00	\$1,100.00	\$900.00
Sugar (LDP) price	\$348.2	N/C	\$370.1	\$388.8	\$329.9
Barley futures May	\$1,022.25	-1.75	\$1,030.00	\$1,015.00	\$992.50
Wheat futures May	\$1,110.15	-0.05	\$1,100.00	\$1,100.00	\$1,070.00
Crabon futures May	\$1,010.00	N/C	\$1,010.00	\$1,010.00	\$990.00
Wool (500 lbs) price	\$10.00	N/C	\$10.00	\$10.00	\$9.00
Oil (Brent) price	\$16.05	-0.15	\$16.20	\$16.00	\$15.15

For more on these and other markets, see page 2.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Antwerp Metal Trading)

ALUMINIUM 99.7 PURITY (\$ per tonne)

	Settle	High	Low	Open
Close	1009.10	1009.10	1009.10	1009.10
Previous	1009.10	1009.10	1009.10	1009.10
High/Low	1009.10	1009.10	1009.10	1009.10
AM Official	1009.10	1009.10	1009.10	1009.10
Open Int.	235,417			
Total daily turnover	67,287			

ALUMINIUM ALLOY (\$ per tonne)

	Settle	High	Low	Open
Close	1890.40	1890.40	1890.40	1890.40
Previous	1890.40	1890.40	1890.40	1890.40
High/Low	1890.40	1890.40	1890.40	1890.40
AM Official	1890.40	1890.40	1890.40	1890.40
Open Int.	2,200			
Total daily turnover	650			

LEAD (\$ per tonne)

	Settle	High	Low	Open
Close	574.5	574.5	574.5	574.5
Previous	574.5	574.5	574.5	574.5
High/Low	574.5	574.5	574.5	574.5
AM Official	574.5	574.5	574.5	574.5
Open Int.	40,286			
Total daily turnover	13,595			

NICKEL (\$ per tonne)

	Settle	High	Low	Open
Close	8400.00	8400.00	8400.00	8400.00
Previous	8400.00	8400.00	8400.00	8400.00
High/Low	8400.00	8400.00	8400.00	8400.00
AM Official	8400.00	8400.00	8400.00	8400.00
Open Int.	58,075			
Total daily turnover	23,292			

TIN (\$ per tonne)

	Settle	High	Low	Open
Close	24,000.00	24,000.00	24,000.00	24,000.00
Previous	24,000.00	24,000.00	24,000.00	24,000.00
High/Low	24,000.00	24,000.00	24,000.00	24,000.00
AM Official	24,000.00	24,000.00	24,000.00	24,000.00
Open Int.	22,571			
Total daily turnover	7,075			

22N24, special high grade (\$ per tonne)

	Settle	High	Low	Open
Close	1021.5-2.5	1021.5-2.5	1021.5-2.5	1021.5-2.5
Previous	1021.5-2.5	1021.5-2.5	1021.5-2.5	1021.5-2.5
High/Low	1021.5-2.5	1021.5-2.5	1021.5-2.5	1021.5-2.5
AM Official	1021.5-2.5	1021.5-2.5	1021.5-2.5	1021.5-2.5
Open Int.	104,768			
Total daily turnover	23,292			

COPPER, grade A (\$ per tonne)

	Settle	High	Low	Open
Close	2934.5	2934.5	2934.5	2934.5
Previous	2934.5	2934.5	2934.5	2934.5
High/Low	2934.5	2934.5	2934.5	2934.5
AM Official	2934.5	2934.5	2934.5	2934.5
Open Int.	241,221			
Total daily turnover	69,228			

LAST AM Official 22N24, 12N24

LME Closing 22N24, 12N24

Settle 22N24, 12N24

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Total daily turnover 22N24, 12N24

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Precious Metals continued

GOLD COMEX (100 Troy oz. \$ per oz)

	Settle	High	Low	Open
Feb	378.5	378.5	378.5	378.5
Mar	378.5	378.5	378.5	378.5
Apr	378.5	378.5	378.5	378.5
May	378.5	378.5	378.5	378.5
Jun	378.5	378.5	378.5	378.5
Jul	378.5	378.5	378.5	378.5
Aug	378.5	378.5	378.5	378.5
Sep	378.5	378.5	378.5	378.5
Oct	378.5	378.5	378.5	378.5
Nov	378.5	378.5	378.5	378.5
Dec	378.5	378.5	378.5	378.5
Total	378.5	378.5	378.5	378.5

PLATINUM NYMEX (50 Troy oz. \$ per oz)

	Settle	High	Low	Open
Feb	415.0	415.0	415.0	415.0
Mar	415.0	415.0	415.0	415.0
Apr	415.0	415.0	415.0	415.0
May	415.0	415.0	415.0	415.0
Jun	415.0	415.0	415.0	415.0
Jul	415.0	415.0	415.0	415.0
Aug	415.0	415.0	415.0	415.0
Sep	415.0	415.0	415.0	415.0
Oct	415.0	415.0	415.0	415.0
Nov	415.0	415.0	415.0	415.0
Dec	415.0	415.0	415.0	415.0
Total	415.0	415.0	415.0	415.0

PALLADIUM NYMEX (100 Troy oz. \$ per oz)

	Settle	High	Low	Open
Feb	120.0	120.0	120.0	120.0
Mar	120.0	120.0	120.0	120.0
Apr	120.0	120.0	120.0	120.0
May	120.0	120.0	120.0	120.0
Jun	120.0	120.0	120.0	120.0
Jul	120.0	120.0	120.0	120.0
Aug	120.0	120.0	120.0	120.0
Sep	120.0	120.0	120.0	120.0
Oct	120.0	120.0	120.0	120.0
Nov	120.0	120.0	120.0	120.0
Dec	120.0	120.0	120.0	120.0
Total	120.0	120.0	120.0	120.0

SILVER COMEX (100 Troy oz. \$ per oz)

	Settle	High	Low	Open
Feb	47.5	47.5	47.5	47.5
Mar	47.5	47.5	47.5	47.5
Apr	47.5	47.5	47.5	47.5
May	47.5	47.5	47.5	47.5
Jun	47.5	47.5	47.5	47.5
Jul	47.5	47.5	47.5	47.5
Aug	47.5	47.5	47.5	47.5
Sep	47.5	47.5	47.5	47.5
Oct	47.5	47.5	47.5	47.5
Nov	47.5	47.5	47.5	47.5
Dec	47.5	47.5	47.5	47.5
Total	47.5	47.5	47.5	47.5

ENERGY

CRUDE OIL NYMEX (42,000 US gal. \$ per bbl)

	Settle	High	Low	Open
Feb	18.0	18.0	18.0	18.0
Mar	18.0	18.0	18.0	18.0
Apr	18.0	18.0	18.0	18.0
May	18.0	18.0	18.0	18.0
Jun	18.0	18.0	18.0	18.0
Jul	18.0	18.0	18.0	18.0
Aug	18.0	18.0	18.0	18.0
Sep	18.0	18.0	18.0	18.0
Oct	18.0	18.0	18.0	18.0
Nov	18.0	18.0	18.0	18.0
Dec	18.0	18.0	18.0	18.0
Total	18.0	18.0	18.0	18.0

CRUDE OIL ICE (42,000 US gal. \$ per bbl)

	Settle	High	Low	Open
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# The rough road to Damascus

Faster progress in Israeli-Syrian talks is seen as vital for Middle East peace, says David Gardner

On a clear day, you can see the outskirts of Damascus from Avital peak on the Golan Heights. You would be sharing the view with eagles soaring overhead and one of the Israeli army's most sophisticated eavesdropping and look-out complexes, there to detect any sign of attack by Syria.

The dispute over this fertile volcanic plateau, crisscrossed with anti-tank ditches and the debris of battles past, is emerging as another threat to Middle East peace hopes, at present it is as intractable as the confrontation between Israelis and Palestinians over control of the West Bank.

Israel conquered the Golan in the 1967 six-day war and retained it against a Syrian onslaught in the 1973 Yom Kippur war. "We are psychotic over the Golan as long as there is even an inkling of a military threat," says one Israeli officer in Avital. "You could say that we keep this as a fully-loaded mountain."

Syria, which wants to recover the Golan as a matter of national pride, is prepared to accept a full peace with Israel, including diplomatic relations and open borders, in exchange for a total Israeli withdrawal from the heights. Mr Fawzi al-Sharaa, Syrian foreign minister, said publicly in Washington last October that President Hafez al-Assad had made "a strategic choice for peace".

Israel and Syria have had 14 full meetings and several informal contacts since a Middle East conference in 1991, but senior Arab and Israeli officials

say little progress has been made towards an agreement between the two countries.

"Neither side has stated exactly what it wants," says Mr Osama el-Baz, political adviser to President Hosni Mubarak of Egypt, which is playing a pivotal mediating role following its peace with Israel in 1979.

The impasse is dangerous, and not just because leaving out an important Arab country such as Syria would cast a shadow over any "comprehensive" peace deal for the region. Damascus hosts the rejectionist factions of the Palestine Liberation Organisation, as well as Muslim fundamentalist groups from the Israeli-occupied territories; these include Islamic Jihad, which carried out the suicide bombing north of Tel Aviv last month that froze the already faltering Israel-PLO peace process.

Moreover, through Syria's de facto control of Lebanon, Damascus is encouraging reinvigorated attacks by Hizbollah, the Iran-backed Islamic fundamentalist militia, on the area of south Lebanon controlled by Israeli troops as a buffer zone, just across the narrow Hulah valley from the Golan. For the first time, secular PLO radicals such as the Damascus-based PFLP-General Command are fighting along-



side the Islamic radicals in the "security zone". "The Israelis are trying to draw Israel into a major land operation which will further discredit the peace process," says a senior Israeli intelligence official. Syria, he says, "wants a war of attrition before we sit down to do business, and this we are not going to allow". A senior field commander at Avital adds: "Assad cannot continue to sponsor Hizbollah in Lebanon and get back the Golan."

Thus, although the Golan itself has been quiet since the 1974 US-negotiated ceasefire, Israeli retention of the heights provides the motive for Syria to sponsor fighting on Israel's northern borders and attacks

by Islamic radicals inside Israel aimed at scuppering the whole peace process.

Apart from its claim to the Golan, the Syrian government resents Israeli success in bolstering its negotiating position by dealing with its Arab opponents one by one. Syria was part of the original Madrid talks which signalled the beginning of the Israel-PLO rapprochement, and it initially ensured that negotiations proceeded at its own slow pace. Damascus was therefore shocked when Jordan reached a separate peace with Israel, which Israeli officials consider a triumph in bringing pressure on the PLO and Syria.

But the Israeli government is far from unanimous on how to deal with Syria. Mr Shimon Peres, Israel's foreign minister and peace architect, is said to be aware of the danger of turning Syria into "a strategic widow", while Mr Rabin is reported by one of his aides as saying the Syrians "can spin in the wind like [the energy-generating] propellers" on the Golan if they will not do business on Israel's terms.

Some Israeli officials argue that it would be too much for Israel's security-obsessed population to give up most of the West Bank to the incipient Palestinian Authority, and to surrender the Golan as well. The



Syrian President Hafez al-Assad (centre), Yitzhak Rabin of Israel (left) and Yasser Arafat of the PLO

Heights are home to more than 20,000 Israeli settlers in 33 communities. In Israel, furthermore, where Mr Rabin has promised a referendum on any eventual deal, right-wing resistance to a handover of the Golan is increasing.

In theory, returning the Golan should be easier than giving up the West Bank - which Zionist zealots consider the biblical heartland of Judaea and Samaria - because Israel has no ideological claim on the Heights. There is a

strong emotive link, because around two-thirds of Israel's casualties in 1967 and 1973 fell in the Golan. But Israel's future security needs are as likely to be met by a US-mooted plan to upgrade anti-missile defences as by control of a few hills.

The veteran Israeli commander at Avital, himself a Golan settler, would exchange the Golan for peace. "There's no question about it," he insists, "the strategic aim of Israel is peace. But it has to be

step-by-step, and you never turn your back."

Yet neither side appears capable of making the first move. "We don't understand each other's minds," says Mr Yehoyada Haim, head of political research at the Israeli foreign ministry.

Israeli officials believe that Mr Assad will want to settle with Mr Rabin's Labour-led coalition, rather than risk victory in elections due next year by the right-wing Likud, and conceivably a Republican

administration in Washington. Arab commentators are not so sure. Mr Assad, they say, is a man accustomed to biding his time.

"Assad is worried as to whether Rabin can deliver, given that he hasn't been able to deliver with [PLO leader Yasser] Arafat," on the Palestine autonomy package, says a senior Egyptian foreign ministry official.

Against this darkening prospect, Mr el-Baz, whose government hosted last week's unprecedented Cairo summit of Egypt, Israel, Jordan and the PLO in an attempt to give momentum to the peace process, is calling for the US to arbitrate in a Camp David-style negotiation between Syria and Israel, just as the Carter administration mediated the Israel-Egypt peace.

In an interview with the FT this week, Mr el-Baz warned that "if progress is stalled on either the Palestinian or Syrian [peace] track, that doesn't mean we stay where we are; we could have a very serious regression and be back to square one."

"If Israel stalls," he argues, "how can Syria then stop the rejectionist organisations among the Palestinians and Lebanese from going underground?" He believes there are enough ideas on both sides for the US to produce drafts of an agreement that would synthesise the Israeli and Syrian positions.

Washington alone, says Mr el-Baz, commands enough carrot and stick to induce an agreement.

You decide to buy a Buick and are given a Volkswagen instead. This is how US Senator Wendell Ford has characterised the increasingly common airline practice of booking their own passengers on to flights operated by other companies.

The arrangement is known as code sharing since it allows one airline to put its company code on a flight flown by another carrier. The advantage to the airline is that it can sell tickets to the flight without having to operate the aircraft - and offer passengers a more extensive service without investing in new routes.

In a 1993 letter to Mr Federico Pena, US transportation secretary, Senator Ford said: "I, for one, am rapidly coming to the conclusion that code sharing may be the consumer rip-off of the decade. On its face, code sharing is inherently dishonest. It is a legal way of advertising one product, but then selling another. In virtually any other area of the economy, it would be fraud to engage in such a practice."

Despite such misgivings, the number of code-sharing agreements is rising fast. Between 1987 and February 1993, the US Department of Transportation approved 39 international code-share arrangements; a year later, the number had risen to 88. Earlier this month, Virgin Atlantic of the UK and Delta Air Lines of the US received US government approval for a code-sharing agreement. Other prominent code sharers are British Airways and USAir, and KLM of the Netherlands and Northwest Airlines of the US.

The agreement between BA and USAir, for example, allows the UK company to offer flights from Heathrow to a large US city on its own aircraft. Passengers can then transfer to a USAir flight and travel to another US destination that BA does not serve.

Apart from avoiding the expense of setting up new routes, code sharing allows airlines to overcome regulatory hurdles, that prevent them flying to certain destinations.

Delta, for example, currently flies to London's Gatwick Airport. It cannot get UK government permission to fly to Heathrow, which it would prefer. Its code-sharing agreement with Virgin, however, means it can sell seats on the UK carrier's flights into Heathrow.

Airlines that have code-sharing arrangements insist they are good for customers too. The agreements usually involve luggage being checked through to the final destination even though the passenger has to change flights and airlines. Frequent flyer points are often transferable between code-sharing partners.

Customers, however, are sometimes surprised to find that they are flying part of their trip on one airline and the rest on its code-sharing partner. The US Department of Transportation says it has received complaints from passengers who

## Misguided code of conduct

Michael Skapinker explains how airlines share passengers with other carriers



objected to finding themselves on an airline they would not have chosen themselves. They also complain when the change means transferring from a jet aircraft to a turboprop.

One of the fiercest critics of code-sharing is American Airlines. Although the company now accepts that code-sharing is here to stay, and has concluded agreements with several airlines, it still thinks the system is wrong. "It's anti-competitive and deceptive to passengers," the airline said.

Other airlines that now champion the system opposed it in the past. Both BA and KLM described code sharing as "deceptive" in 1984, according to research by Mr Barry Humphreys, head of air services policy at the UK's Civil Aviation Authority.

The UK Air Transport Users Council, a consumer organisation representing air travellers, was also an early critic of code sharing. But Mr Tony Hockley, the council's economic adviser, says it is now more relaxed about the subject. Airlines appear to be making a greater effort to tell passengers that they will have to make part of their journey on a different airline, he says.

However, a spot check by the FT this

week indicated that, while airlines might be making more of an effort to tell customers they would have to change airlines, travel agents are not.

A London-based reservations employee of United Airlines of the US, asked about flights from New York's JFK airport to Glasgow, said without prompting that the final leg of the journey would be on a British Midland flight. Similarly, BA reservations said that a flight from Heathrow to Cleveland, Ohio, would involve switching to USAir in Philadelphia.

But inquiries to travel agents about the same flight were less encouraging. One said it would involve changing aircraft but that she would have to telephone BA to find out what airline would fly the second part of the journey. A call to another elicited the incorrect information that BA went all the way to Cleveland.

The US transportation department found that in 200 test calls to airlines and travel agents, inadequate information was given in 80 per cent of cases. The CAA last September telephoned 20 airlines offering code-sharing from the UK and found that 60 per cent did not say that another carrier would provide the second part of the journey.

In the US, airlines are required to provide customers with information about code sharing. The US government is now considering extending the rules to travel agents. The European Commission is studying what should be done in Europe. Poor information to customers is only one criticism made of code sharing. A second is that it is anti-competitive: if two airlines operate on a thinly-used route and they reach a code-sharing agreement, one is likely to drop out.

When Delta reached a code-sharing agreement with Sabena, the Belgian carrier stopped flying from Brussels to Atlanta - a route both airlines had previously served. Delta stopped flying from Budapest to JFK after concluding a code-sharing deal with Malev, the Hungarian carrier which served the route.

Mr Michael Mediciotti, Delta's vice-president for Europe, denies, however, that this indicates that code sharing is anti-competitive.

There were too many seats chasing too few customers on both these routes, he said. Having reduced capacity, the code-sharing partners still competed fiercely for passengers and well seats on the flights they now shared.

Mr Humphreys' personal view is that code sharing might be more trouble to the airlines than it is worth. Airlines could agree to co-ordinate flights, check baggage to final destinations and have cross-membership of frequent flyer programmes without code sharing, which requires government approval.

Code sharing has often been criticised for misleading the travelling public. Perhaps in reality it is some of the airlines that are misleading themselves.

Media interest in soccer violence has revived, says Simon Kuper

Football hooliganism is back in the headlines. From Europe to South America, the sports pages of daily newspapers are full of reports of violent acts perpetrated by soccer fans.

The current spate of reports began two weeks ago with the stabbing to death of a fan in Genoa. Since then, incidents from Chile to France have received widespread coverage.

In the UK, media interest has been aroused by two incidents in particular: an attack on a referee carried out by a Blackburn Rovers fan and an episode in London when Chelsea and Millwall fans invaded the field to fight each other and attack players.

On the face of it, football appears to be returning to the situation prevailing in the 1970s and 1980s, which culminated in 1985 in the worst-ever episode of football hooliganism when 39 Italian fans died at the Heysel Stadium in Brussels after a charge by Liverpool supporters. But is soccer violence really making a comeback?

It is certainly true that the number of incidents has declined since the 1990s when the UK was the main exporter of football violence and hooliganism became known as "the British disease".

Last year's World Cup in the US was vandal-free, although the Americans had worried for years and hired a former Central Intelligence Agency official to take charge of security. Instead, Dutch and Irish fans hugged and exchanged shirts in Orlando.

Even the UK has appeared to be getting on top of the problem. The improvement began after 95 Liverpool fans were crushed to death at a game in 1989. Measures were introduced to make grounds safer. Fences in UK grounds were pulled down. The Taylor Report, written in 1990, forced clubs in the top two divisions to introduce all-seater stadiums. Ticket prices rose as clubs rebuilt their grounds. Fifa, football's international governing body, made all-seater stadiums compulsory for World Cup qualifying matches.

The end result of all this was to make British stadiums smarter and safer. But violence continued at a lower level of intensity, although it was forced outside the grounds themselves. Between 1990 and 1994, British transport police recorded 655 incidents of violence and misbehaviour involving fans.

Few of these incidents made the papers, however. This lack of coverage resulted in a belief that hooliganism had been stamped out.

As Professor Eric Dunning, a sociologist at Leicester University, says: "Hooliganism has never been away. But in contrast to the 1960s and 1970s, when you might say it was underreported, since 1990 it has been underreported."

The media's loss of interest in football violence came about largely because the UK government had itself begun to pay

## Spotlight back on ruffians



A fan is escorted from a Turkish pitch: is violence rising again?

more attention to the problem. Mrs Margaret Thatcher, the former prime minister, hated football. She considered hooliganism a major social problem.

Her government nonetheless developed laws to introduce identity cards for football fans. Then, in 1990, the Taylor Report appeared, arguing that fans queuing in thousands to slide cards through machines could turn nasty.

So the government dropped Part I of its Football Spectators Bill. With no further solutions to offer, it recommended that English clubs be readmitted to European competitions from which they were banned in 1985.

In November 1990, Mr John Major, a Chelsea fan, became prime minister. With Mrs Thatcher gone, the British government became more sympa-

thetic to football. Hooligans still existed, but politicians were no longer using football to get headlines. Newspapers began to forget the issue. With English clubs back in Europe, identity cards abandoned, and England reaching the World Cup semi-final in 1990, everyone felt better about the game.

Television companies had another incentive to stop covering fights in grounds. After the late 1980s, competition for TV rights to English games spiralled. The Football Association and the Premier League monitor TV programmes, and dislike bad publicity.

The media silence may have helped reduce the violence, since hooligans like attention - many collect newspaper articles about their crimes. Some sociologists said hooliganism had gone out of fashion. But as Mr Bobby Charlton, the former England player, says: "Hooliganism is like terrorism - you can't prevent it 100 per cent."

Now media interest has been rekindled. This is partly because the recent acts of violence happened in a spate, partly because TV cameras can hardly turn away from a pitch invasion, and partly because football in the UK has become mainstream news.

Mr Nick Hornby's memoir Fever Pitch, about life as a Cambridge-educated Arsenal fan, helped middle-class fans to "come out". It is now respectable to talk about football, and fans in the media put it on the front pages.

Unfortunately, British newspapers today have few opportunities to write about great victories or great players. Paul Gascoigne, England's most creative player, has broken his leg, and Ryan Giggs, the Manchester United winger, has lost form.

This means the news is bad: bribes, drugs, backhanders, and Eric Cantona, the Manchester United player, kicking a fan. Now hooliganism has returned to the newspapers too, simply because newspapers are keen to write about football. We should expect more bad news.

## Summit should spur aid

From Mr Nigel Twose.

Sir, Your article on the OECD's annual report on aid ("Poor nations suffer twin cash squeeze", February 9) highlighted the depressing outlook for aid to developing countries and provoked mention of two further points. First, the OECD's report is timely since in less than a month, the world summit for social development will convene in Copenhagen to discuss a global anti-poverty strategy for the next century. This will call on donors to meet the UN aid target of 0.7 per cent of gross national product, which is 25 years old this year.

Only four out of the 21 leading donors have achieved this - the same four as five years ago. The fall in aid volume in 1993 - 6 per cent in real terms, the biggest drop in 20 years - makes a mockery of the call to

move towards this target.

Second, Britain was one of the few countries to maintain aid as a proportion of GNP in 1993, and is now above the OECD average. Yet spending plans show that Britain is moving closer to the edge of the aid firing line. Over the next few years, British aid will finally plunge, probably to the lowest level of GNP ever recorded.

In the run-up to the most significant UN summit on global poverty ever, could not aid donors such as Britain make a striking gesture and finally announce a clear timetable to move towards 0.7 per cent of aid?

Nigel Twose, international director, Actionaid, Hamlyn House, Macdonald Road, Archway, London N19 5PG, UK

## Policy for Europe - that's how

From Mr John Szemerey.

Sir, Re Lord Howe's article, "A better European policy for Britain" (January 30): How sad.

Howe right. How humiliating. John Szemerey, 76, Mortlake, B-3090 Overise, Belgium

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

## Baffling rightwing sovereignty argument

From Charles Young.

Sir, I suspect many readers would be grateful if you would commission an article setting out the intellectual basis for the ideas of the rightwing critics of monetary union.

It is easy to understand why a left-of-centre nationalist might oppose the idea, since the left has traditionally been more ready to consider that government has a role in monetary policy.

However, it is baffling to hear monetary union

denounced as a threat to sovereignty by those who, in other contexts, are critical of the notion that fiddling with the value of the currency is any part of a government's rights or duties. Many who previously favoured total governmental control of the currency were convinced by Lord Lawson's eloquence in favour of an independent central bank at the time of his resignation, and the onset of the last bout of inflation. (There can be no more persuasive advocate of

the need for burglar alarms than a successful larcenist.) Once government has been deprived of its ability to cause inflation, no further loss of sovereignty is implied by sharing a regulatory body with other countries.

Yet on Friday morning, Lord Tebbit could be heard on the radio proposing the view that the loss of government control over the currency was a threat to sovereignty - a view which has the surprising implication that national sovereignty only

equitable basis.

I am confident judges will resist the temptation to do any such thing and confine themselves to interpreting the law as it stands, not as they might like it to be. If the law needs changing, then it is for parliament to do it with full debate; not by unelected, unaccountable judges, however eminent or well meaning.

Tom Benyon, The Society of Names, PO Box 22, Adstock, Oxford OX1 2AF, UK

## Courts should be about justice, not fairness, in Lloyd's awards

From Mr Tom Benyon.

Sir, Your report, "Names fall out over sharing of compensation" (February 4/5), contains statements from Lloyd's Action Group leaders which imply that Appeal Judges should introduce an element of "fair-

ness" into whether Action Groups gain access to their court awards on a "first-past-the-post" basis, or whether (as deemed by those protesting) the other 44 cases should be heard first, the winnings then apportioned on a more

ment to do it with full debate; not by unelected, unaccountable judges, however eminent or well meaning.

Then suddenly, a few thousand lightly-armed Indian peasants in Chiapas trigger off a wave of panic about the future of Mexico, at the time (and in spite of recent "wisdom after the event") unanimously

## Hardly evidence of robust and self-confident new world order

From Mr Ian Rutledge.

Sir, Your editorial, "Mexico's rescue" (February 8), is one of the most thoughtful and fascinating for many years. Yet it fails to draw the correct conclusion. Since the collapse of the Soviet version of socialism we have been continuously told that only a laissez-faire, market-oriented approach to economic development is feasible. Indeed, it has become the wisdom of the day that the global capitalist market system is now so successful and powerful that no possible deviations from its parameters can be possible, a view seemingly now shared by many in the current Labour party leadership. Even the mildest suggestions of state intervention in the market are considered unwise and impracticable.

Then suddenly, a few thousand lightly-armed Indian peasants in Chiapas trigger off a wave of panic about the future of Mexico, at the time (and in spite of recent "wisdom after the event") unanimously

praised as a paragon of "emerging markets". Within a year or so we are, to use a phrase of Mr Michel Camdessus, director general of the International Monetary Fund, on the verge of "a true world catastrophe". The panic spreads throughout the great and the good of the global financial establishment and, in spite of the sub voce objections of some governments, there is a hastily-organised whip-round of \$50bn to bail out the stricken US investors.

This is hardly evidence of a robust and self-confident new world order: hardly a vindication of Fukuyama's triumphalist "end of history". What it does indicate is contained in the last words of your editorial: a collapse in the "credibility of the market-oriented approach to development", and a very definite "lack of confidence in the self-correcting capacity of financial markets". Ian Rutledge, 19 Fairfield Road, Chesterfield S40 4TR, UK



## CURRENCIES AND MONEY

## MARKETS REPORT

## Dollar wobbles

The dollar yesterday flattered to deceive, first rising and then falling, in response to the release of the January producer inflation report in the US, writes Philip Gault.

The dollar took its lead from the US bond market, where prices fell when traders took flight at signs of price pressure at the intermediate goods level in the PPI report.

After initially jumping half a penny to DM1.5940, the dollar then lost a penny to finish in London at DM1.5941. Against the yen it was little changed at Y86.625.

Starting had a steady day, finishing barely changed at DM2.3788 and half a cent firmer, at \$1.5608, on \$1.5577.

There was little movement in Europe. The D-Mark finished at FF3.482 against the French franc, from FF3.463.

The Bank of Finland raised its tender rate to 5.75 per cent, from 5.5 per cent, due to rising inflationary pressures and

expectations.

Analysts were cautious about reading too much into the dollar's retreat, given that it came hard on the heels of a Treasury auction in the US.

Mr Ian Gunner, international economist at Chase Manhattan in London, commented: "After the auction the street (Wall St) has quite a lot of paper, so people don't want to get any longer, especially on a Friday."

This reluctance to buy more bonds spilled over into the dollar. But Mr Gunner said he would not be surprised if it was to open up around DM1.53 again on Monday.

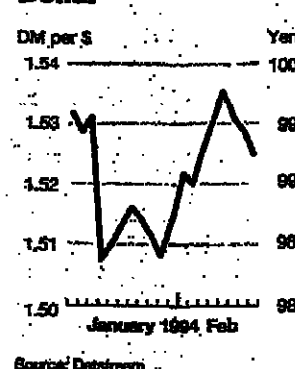
Traders said that there was quite heavy selling of sterling in the morning, following newspaper reports hinting that comments by Mr Kenneth Clark, the chancellor, on the issue of a single currency for Europe, had widened divisions within the Tory party.

The pound did, however, gain ground in the afternoon, against the weaker dollar.

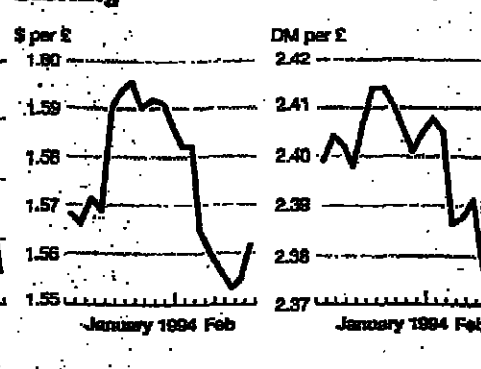
Mr Gunner attributed recent sterling weakness to investors "rimming" their long positions. "I don't think anybody is aggressively short of sterling."

The focus will now shift to how sterling reacts to inflation

## Dollar



## Sterling



data next week. Recent evidence suggests sterling might respond positively to any news which holds out the prospect of an early rise in interest rates.

Although sterling recovered some ground towards the end of the week, Mr Jonathan Briggs, economic adviser at Barclays in London, noted that the trade weighted index had, at one stage, fallen to 87.2, from 88.6 before the base rate was increased on February 2.

On the 4:1 rule of thumb - that a 4 per cent move in the

exchange rate is roughly equivalent to a 1 per cent move in interest rates - this meant that sterling weakness had nearly offset the Bank of England's decision to raise interest rates by 50 basis points.

Short sterling futures lost ground, on fairly low volumes. The June contract closed at 92.97, from 92.94. Prices at the short end of the yield curve were dragged down by falling gilts, with the tone set by the poor performance of the US Treasury market.

Money market rates remained fairly easy, with three month LIBOR at 6 1/2 per cent. In its daily money market operations the Bank of England cleared a \$700m shortage at established rates.

Concern about the government's decision to chase and arrest rebel leaders in the Chiapas region caused the Mexican peso to weaken. It closed at 5.06 pesos against the dollar, from 5.06 pesos, but off an intra-day low of around 5.1 pesos.

## POUND SPOT FORWARD AGAINST THE POUND

Feb 10	Closing mid-point	Change on day	30 days	90 days	180 days	360 days	1 year	2 years	3 years	Bank of Eng. index	
Europe											
Austria	(Sch)	16.7255	-0.0211	181	-229	16.7337	18.7081	16.713	0.9	16.6703	1.1
Belgium	(Bfr)	48.3732	+0.0448	455	-588	48.0700	48.6700	48.3232	1.2	48.3032	1.3
Denmark	(DKr)	6.3672	-0.0021	624	-718	6.3688	6.3638	6.3614	0.7	6.35	0.7
France	(FFr)	2.3155	-0.0027	078	-533	2.3207	2.3200	2.3155	0.1	2.3155	0.1
Germany	(DM)	2.3788	-0.0001	776	-800	2.3788	2.3788	2.3788	1.0	2.3788	1.0
Greece	(Dr)	272.580	+0.0001	811	-815	273.380	270.480	-	0.4	1.0984	0.6
Ireland	(Ir£)	10.0707	-0.0037	082	-177	10.0707	10.0707	10.0707	0.2	10.0707	0.2
Italy	(L)	2518.13	+0.009	683	-134	2522.95	2514.76	2522.95	-1.7	2522.95	-2.3
Luxembourg	(Lfr)	48.3732	+0.0448	455	-588	48.0700	48.6700	48.3232	1.2	48.3032	1.3
Netherlands	(Gld)	10.0707	-0.0037	082	-177	10.0707	10.0707	10.0707	0.2	10.0707	0.2
Norway	(Nkr)	10.0707	-0.0037	082	-177	10.0707	10.0707	10.0707	0.2	10.0707	0.2
Portugal	(Esc)	245.358	+0.11	139	-57	245.358	245.358	245.358	-2.9	245.358	-3.7
Spain	(Pes)	204.816	+0.0077	725	-888	205.251	204.589	205.116	-1.8	205.316	-2.1
Sweden	(Skr)	11.7274	-0.0038	633	-814	11.8438	11.2022	11.5898	-1.2	11.9989	-1.3
Switzerland	(Sfr)	2.0069	-0.0003	078	-100	2.0166	2.0047	2.0045	2.6	2.0069	2.6
UK	(£)	1.5610	-0.0001	602	-618	1.5610	1.5610	1.5610	0.6	1.5610	0.6
US	(\$)	1.5608	-0.0001	602	-618	1.5630	1.5596	1.5603	0.6	1.5601	0.6
Other		-0.494375									
Americas											
Argentina	(Peso)	1.5607	+0.0004	602	-612	1.5612	1.5533	-	-	-	-
Brazil	(Cru)	1.5607	+0.0004	602	-612	1.5602	1.2941	-	-	-	-
Canada	(C\$)	2.1884	+0.0124	674	-893	2.1913	2.1752	2.1906	-1.3	2.1961	-1.4
China	(Yen)	8.2782	+0.0011	604	-612	8.2775	8.6169	-	-	-	-
India	(Rupee)	1.5608	-0.0001	604	-612	1.5616	1.5596	1.5601	0.5	1.5599	0.5
Japan	(Yen)	1.5607	+0.0004	602	-612	1.5616	1.5596	1.5601	0.5	1.5599	0.5
Korea	(Won)	1.5607	+0.0004	602	-612	1.5616	1.5596	1.5601	0.5	1.5599	0.5
Malaysia	(Ringgit)	1.5607	+0.0004	602	-612	1.5616	1.5596	1.5601	0.5	1.5599	0.5
Philippines	(Peso)	1.5607	+0.0004	602	-612	1.5616	1.5596	1.5601	0.5	1.5599	0.5
Saudi Arabia	(Riyal)	1.5607	+0.0004	602	-612	1.5616	1.5596	1.5601	0.5	1.5599	0.5
Singapore	(Dollar)	1.5607	+0.0004	602	-612	1.5616	1.5596	1.5601	0.5	1.5599	0.5
S Africa	(Rand)	1.5607	+0.0004	602	-612	1.5616	1.5596	1.5601	0.5	1.5599	0.5
South Korea	(Won)	1.5607	+0.0004	602	-612	1.5616	1.5596	1.5601	0.5	1.5599	0.5
Taiwan	(Dollar)	1.5607	+0.0004	602	-612	1.5616	1.5596	1.5601	0.5	1.5599	0.5
Thailand	(Baht)	1.5607	+0.0004	602	-612	1.5616	1.5596	1.5601	0.5	1.5599	0.5
Other											
Asia/Pacific/Australia											
East Asia											
Australia	(A\$)	2.0832	+0.0005	924	-404	2.0946	2.0896	2.0952	-1.1	2.1009	-1.4
Hong Kong	(HK\$)	12.0698	+0.0414	847	-794	12.0719	12.0148	12.0678	0.1	12.0941	-0.8
Indonesia	(Rp)	1.5607	+0.0004	602	-612	1.5616	1.5596	1.5601	0.5	1.5599	0.5
Israel	(N\$)	4.7121	-0.0005	092	-173	4.7173	4.6732	-	-	-	-
Japan	(¥)	154.402	+0.0618	364	-461	154.740	153.224	153.872	4.1	152.717	4.9
Malaysia	(M\$)	3.9777	+0.0138	736	-759	3.9795	3.9808	-	-	-	-
New Zealand	(NZ\$)	2.4608	+0.0003	398	-292	2.4629	2.4572	2.4642	-1.8	2.4744	-2.2
Philippines	(P\$)	38.7073	+0.0003	093	-153	38.7159	38.7059	-	-	-	-
Saudi Arabia	(S\$)	5.8535	+0.0003	183	-517	5.8595	5.8275	-	-	-	-
Singapore	(S\$)	2.2671	+0.0051	657	-684	2.2697	2.2594	-	-	-	-
S Africa	(R\$)	5.5420	+0.0182	394	-448	5.5446	5.5511	-	-	-	-
S Africa (Fin.)	(R\$)	5.1098	-0.034	782	-138	5.0281	5.1942	-	-	-	-
Taiwan	(NT\$)	124.65	+0.35	292	-304	124.11	122.79	-	-	-	-
Thailand	(TH\$)	4.1686	+0.1687	541	-530	4.3010	4.0883	-	-	-	-
Thailand		36.3137	+0.1135	80	-389	36.3193	36.9540	-	-	-	-
*BDR rates for Feb 9. BDR's approach to the Pound since 1989 show only the last three decimal places. Forward rates are not directly quoted to the market. The 1989-1990 forward rates are shown in parentheses.											

## CROSS RATES AND DERIVATIVES

## EXCHANGE CROSS RATES

Feb 10	Rate	Change	30 days	90 days	180 days	360 days	1 year	2 years	3 years	Bank of England
Belgium	(Bfr)	100	16.13	16.82	4.58	2.056	5144	5444	21.26	501.1
Denmark	(DKr)	100	9.22	10	2.89	1.075	2889	2848	11.11	282.0
France	(FFr)	100	11.37	10	2.89	1.075	2889	2848	11.11	282.0
Germany	(DM)	100	20.56	10.23	4.58	2.056	5144	5444	21.26	501.1
Greece	(Dr)	100	3.32	8.17	2.82	1.075	2889	2848	11.11	282.0
Ireland	(Ir£)	100	1.44	0.37	0.27	0.04	0.04	0.04	0.04	0.04
Italy	(L)	100	18.37	3.51	3.09	0.892	0.578	944.8	1	3.095
Netherlands	(Gld)	100	16.13	16.82	4.58	2.056	5144	5444	21.26	501.1
Norway	(Nkr)	100	16.13	16.82	4.58	2.056	5144	5444	21.26	501.1
Portugal	(Esc)	100	16.13	16.82	4.58	2.056	5144	5444	21.26	501.1
Spain	(Pes)	100	16.13	16.82	4.58	2.056	5144	5444	21.26	501.1
Sweden	(Skr)	100	16.13	16.82	4.58	2.056	5144	5444	21.26	501.1
Switzerland	(Sfr)	100	16.13	16.82	4.58	2.056	5144	5444	21.26	501.1
UK	(£)	100	16.13	16.82	4.58	2.056	5144	5444	21.26	501.1
US	(\$)	100	16.13	16.82	4.58	2.056	5144	5444	21.26	501.1
Other										

## D-MARK FUTURES (DM) DM 125,000 per DM

Mar	Open	Settle	Change	High	Low	Est. vol	Open int.
Mar	0.6548	0.6556	+0.0008	0.6562	0.6542	23,707	50,876
Jun	0.6551	0.6560	+0.0009	0.6566	0.6552	537	3,890
Sep	0.6550	0.6561	+0.0011	0.6567	0.6553	32	674

## JAPANESE YEN FUTURES (¥) ¥ 125,000 per ¥

Mar	Open	Settle	Change	High	Low	Est. vol	Open int.
Mar	0.7741	0.7772	+0.0031	0.7778	0.7728	12,692	38,515
Jun	0.7786	0.7821	+0.0035	0.7833	0.7782	147	1,245
Sep	0.7785	0.7805	+0.0020	0.7815	0.7785	1	176

## UK INTEREST RATES

## LONDON MONEY RATES

Feb 10	Overnight	7 days	One month	Three months	Six months	One year
Interbank Sterling	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Bank Bill	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Discount Money	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
UK clearing bank	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3

## UK clearing bank

Feb 10	Overnight	7 days	One month	Three months	Six months	One year
Interbank Sterling	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Bank Bill	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Discount Money	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
UK clearing bank	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3

## UK clearing bank

Feb 10	Overnight	7 days	One month	Three months	Six months	One year
Interbank Sterling	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Bank Bill	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Discount Money	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
UK clearing bank	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3

## UK clearing bank

Feb 10	Overnight	7 days	One month	Three months	Six months	One year
Interbank Sterling	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Bank Bill	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Discount Money	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
UK clearing bank	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3

## UK clearing bank

Feb 10	Overnight	7 days	One month	Three months	Six months	One year
Interbank Sterling	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Bank Bill	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Discount Money	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
UK clearing bank	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3

## UK clearing bank

Feb 10	Overnight	7 days	One month	Three months	Six months	One year
Interbank Sterling	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Bank Bill	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Discount Money	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
UK clearing bank	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3

## UK clearing bank

Feb 10	Overnight	7 days	One month	Three months	Six months	One year
Interbank Sterling	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Bank Bill	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Discount Money	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
UK clearing bank	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3

## UK clearing bank

Feb 10	Overnight	7 days	One month	Three months	Six months	One year
Interbank Sterling	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Bank Bill	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3
Discount Money	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3	6 1/2 - 3



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# FT GUIDE TO MOTOR SPORT

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## WORLD STOCK MARKETS

## AMERICA

## Brush-off for positive inflation data

## Wall Street

US share prices were mixed yesterday morning as the market took a bearish turn and brushed off positive data on inflation while noting price pressures further back in the economy. *Wall Street Journal* said the Dow Jones Industrial Average was off 6.32 at 3,226.29. The Standard & Poor's 500 fell 0.38 at 479.81, and the American Stock Exchange composite was unchanged at 446.33. The Nasdaq composite shed 2.42 at 787.65. Volume on the NYSE was 172m shares.

In January, the producer price index rose 0.3 per cent, the Labor department said yesterday, which was below forecasts of a 0.4 per cent rise. Figures on the core index - which

excludes the volatile food and energy components - were even further below analysts' expectations. The core index was up only 0.3 per cent, compared with an expected 0.4 per cent rise.

Both the bond market and the broader stock indices, however, ignored the overall figures and reacted to data showing continued price pressures at earlier stages in the economic cycle. Prices of intermediate goods rose 1 per cent in January, which implied an annual rate of increase of 5.3 per cent.

Those intermediate figures were highlighted by Ms Susan Phillips, a member of the Federal Reserve's Board of Governors, and her comments added to the pressure.

By early afternoon the long bond was down nearly two-thirds of a point to yield 7.588

per cent. At the short end of the market the two-year note was off nearly a fifth of a point.

While bond market investors worried that inflation would erode the value of long-term securities, stock market investors acted out of concern that the Fed might raise interest rates again in the near term to control price pressures.

Technology shares helped the Nasdaq stay in positive territory. The Pacific Stock Exchange technology index was up more than 0.5 per cent. Among rising Nasdaq issues, Intel picked up 5% at \$77.75, Microsoft 3% at \$62.75 and Amgen 1% at \$68.75.

Cyclical posted modest gains with the Morgan Stanley index of those shares up 0.1 per cent, in spite of the falling market. Aluminum company of America rose 3% to \$80. Good-

year Tire 5% to \$38.75 and Allied Signal 4% to \$37.75.

## Canada

Toronto was lower at midday with gains in gold and base metals stocks moderating declines in the market's other 12 sub-indices. The TSX-300 index fell 14.88 to 4,101.49 at noon in volume of 28.6m shares. Among active stocks, Royal Bank gained 1% to \$31.14 after the company's announcement of stronger fourth quarter results.

## Brazil

Equities in São Paulo pared losses in late midday trade in a technical recovery following recent sharp falls.

The Bovespa index was off 667 at 33,889 by 1pm in turnover of R\$76m (\$31m). The

index has dropped 14.1 per cent in local currency terms so far this month.

In spite of some buying by investors, analysts remained concerned over whether President Fernando Henrique Cardoso would get political support in getting his charter reform proposals approved by congress.

## Mexico

Stocks climbed in mid-morning trade as investors cautiously welcomed a report that President Ernesto Zedillo had ordered the capture of the leader of the Chiapas rebels.

The IPC index was up 35.46, or 1.8 per cent, to 1,970.75.

BURNO'S AEROS opened on the upside in a technical rebound from Thursday's 5 per cent fall. The Merval index was up 3.5 at 400.37.

## Slowdown highlights the influence of Nokia

Christopher Brown-Humes on Helsinki's prospects

Is Helsinki starting to lose its gloss after two consecutive years as Europe's best performing stock market?

After a disappointing autumn, the bourse has continued to lose ground this year, with the Hex index closing yesterday at 1,831.4, down 0.9 per cent since last December 28. A generally gloom mood has been reflected in lower turnover levels and reduced levels of foreign buying. At the same time, share prices have failed to respond to results which, generally, have been ahead of expectations.

Sentiment has not been lifted by the Bank of Finland's decision to raise its key tender rate yesterday, the second increase in three months. The increase, from 5.5 per cent to 5.75 per cent, underlines the fact that Finnish interest rates have turned after plunging levels not seen since the 1950s.

The situation on the bourse highlights the divide between Nokia, the booming telecoms group, and the rest of the market. Nokia accounts for 29 per cent of Helsinki's FM180bn market capitalisation and it drove the bourse up single-handedly by 17 per cent last year, without it, the index would have fallen 4.2 per cent. This year Nokia has again risen, emphasising the divide elsewhere.

Finland's big exporters are reaping near-record profits on the back of cost-cutting. Demand is rising in key markets and the Finnish economy is making a buoyant recovery from deep recession. Against this backdrop, the stock market trend is slightly surprising.

The development, in part, reflects a post-Mexico flight from fringe markets. If nothing else, the Latin American crisis has served to emphasise a traditional view of Helsinki as a niche, volatile market, prompting more nervous investors to lock in profits while the going is good.

Heavy foreign buying helped drive the Finnish market up by a staggering 90 per cent in 1993. But at the end of last month foreigners held 17.8 per cent of Finnish shares, down from 21.5 per cent at the end of

last August. The question is whether this is temporary profit-taking, or signifies a broader shift away from a highly cyclical market after two very good years.

Domestic buying has also been more subdued, partly because money freed from time deposits at the end of last year has not been invested in equities to the extent expected.

One of the things that has influenced perception of the market has been the sharp strengthening of the markka over the last half year. The trend has undoubtedly dampened earnings prospects for some of the country's big exporters, particularly in sectors like pulp and paper and

tions. Separately, a Fm1.5bn global share issue by Kymmene, Finland's second largest forestry group, was pulled in December because it failed to meet the company's price target.

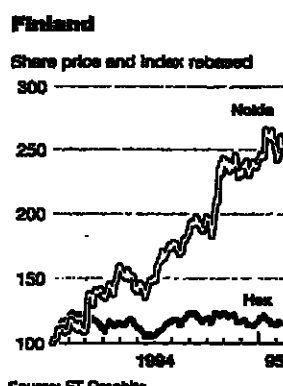
These difficulties are forcing the Finnish government to slow the pace of a privatisation process that is heavily dependent on foreign investor interest. A planned offering for Neste, the big oil and petrochemicals giant, was expected to go ahead in the spring; but this has now been deferred until the second half of the year. Even that date may be jeopardised if the Social Democrats win the general election. They are opposed to the privatisation of "strategic" state assets, and may well consider Neste in that light.

However, reduced privatisation would be good for market liquidity, however. There is also likely to be a lower flow of corporate share issues. After the rebuilding of the last two years, many of Finland's big groups have much healthier balance sheets and cash flows are very strong.

These factors should help to support the market at a time when most analysts consider the Finnish market to be undervalued on fundamentals. Helsinki is trading on a price/earnings ratio of around 9.5 times 1995 earnings, against a European average closer to 14.

"The market looks very cheap," argues Ms Taina Ujas, an analyst with BZW in London. She says that if Nokia is excluded, the market is still 25 per cent below its 1993 peak - and this at a time when big companies are in much better competitive shape than they were six years ago.

Just how good a shape should become apparent over the next few weeks as a flood of corporate results hits the market. Expectations are running very high, both with respect to profits and dividend payouts, but that does not rule out the scope for pleasant surprises. They could prove to be the trigger for a new spurt of buying which drags the market out of its current doldrums.



Source: FT Graphix

## EUROPE

## Paribas suffers as French equities retreat

Bourses decided to take their lead from US treasuries, rather than US equities yesterday afternoon, and in some cases they ended well off their best, *Wall Street Journal* said.

PARIS retreated in late trading as the CAC-40 index shed 5.04 to 1,869.40, after a 3.87% rise for a week's gain of 1.5 per cent in turnover of nearly 1.5bn.

Paribas suffered from reports that accounts prepared for Ciments Français in 1991 had been "falsified" to show a profit rather than a loss. Paribas, which four years ago had a stake of 68.8 per cent in the company, lost FF7.90 or 2.3 per cent to FF329.50. Mr Simon Hopkins of Nomura in Paris remarked that the report was bad news for a company which had already been affected negatively by outstanding loans to property developers.

Accor, off FF30 at FF557, was buffeted by rumours, which it denied, that a number of banks holding a large amount of guaranteed debt in the hotel group might be considering exercising a put option. Accor was already heavily geared and any aggravation of the debt burden would worry investors, ana-

## FT-Actuaries Share Indices

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-Actuaries 100	1346.17	1346.54	1346.44	1346.54	1346.79	1347.32	1347.17	1347.30
FT-Actuaries 200	1407.50	1408.00	1408.04	1408.13	1408.25	1408.34	1408.38	1408.41

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## Prudential chief quit after UK Treasury intervention

By Robert Peston, Political Editor, in London

Evidence supplied to the Stock Exchange by the Treasury was partly responsible for the resignation last month of Mr Mick Newmarch as chief executive of the Prudential Corporation, the UK's biggest life insurer.

The evidence came from a meeting between Mr Kenneth Clarke, the chancellor of the exchequer, and Mr Newmarch shortly before the Prudential chief executive carried out the option dealings under investigation by the exchange.

It has also emerged that Sir Brian Corby, the Prudential's non-executive chairman, could face a Stock Exchange reprimand for authorising Mr Newmarch's controversial share option transaction last October.

Mr Newmarch, one of the City of London's most influential figures for a decade, resigned in dramatic circumstances last month, in part because of the embarrassment caused by the

exchange's probe of his dealings. The transactions being probed were carried out on October 25 last year when Mr Newmarch made a profit of £202,775 (£314,300) from exercising options covering 208,750 shares and then selling them.

In a preliminary finding, the exchange's share listing department found Mr Newmarch guilty of breaching its model code covering directors' dealings. The exchange also believes Sir Brian was wrong to authorise the transaction. Mr Newmarch and Sir Brian have appealed the finding and their appeal is being considered by the Listing Executive, a group of exchange executives.

It emerged yesterday that evidence vital to the Stock Exchange's preliminary judgment was provided by the Treasury. The evidence stemmed from a meeting between Mr Newmarch and Mr Clarke a few days before he exercised the options.

The meeting, held at Mr Newmarch's request, discussed the Securities and Investment

Board's review of the mis-selling of personal pensions. The SIB findings - were published just hours after Mr Newmarch exercised his share options.

If Mr Newmarch had detailed advance knowledge of the SIB report, then he would have been in breach of the Stock Exchange's model code on directors' dealings, which prevents company directors from dealing when they have unpublished information which could potentially be price sensitive.

After the Stock Exchange started investigating the affair, Mr Newmarch said that he did not have a copy of the SIB report.

However, the Treasury intervened. It provided evidence to the exchange that the chancellor had been left in no doubt during the Prudential chief executive had detailed knowledge of the SIB report.

The Prudential says it is convinced Mr Newmarch did not breach its own dealing code.

## Maxwell pensioners win £276m out-of-court settlement

By Nicholas Denton in London

Thirty thousand pensioners won a £276m settlement yesterday from the remnants of Robert Maxwell's failed media empire, investment banks and accountants, bringing to an end one of the largest and most complicated financial disputes in the UK.

Mr Bob Cole, former press officer to the Maxwell group of companies, celebrated with a glass of champagne. "I am immensely relieved," he said. "It has been three years of agony and living on eggshells."

Trustees of the pension funds accepted an offer of £276m (£427.8m) in compensation which, with other monies, will fill the £400m hole in the funds' finances and safeguard the pensions of 30,000 former Maxwell employees. Most current Maxwell pensioners are covered by temporary schemes and so the greatest beneficiaries of the agreement are the 20,000 former employees entitled to a future pension.

Goldman Sachs is believed to be contributing about £75m and another US investment bank, Lehman Brothers, is thought to be paying about \$90m. The two took pension fund assets as collateral in deals with Maxwell group companies. Coopers & Lybrand, auditor of the failed Maxwell Communication Corporation, and Maxwell group companies are providing most of the remainder.

The parties to the settlement will thus avoid litigation and further potential embarrassment. One trustee said yesterday: "Everybody wins, except the lawyers."

Yesterday's deal must be approved by the High Court. Two other disputes are still being contested, but yesterday's participants believe the "global" or "major" settlement is safe.

It is more than three years since Mr Maxwell fell from his yacht and died, having stolen from pension funds associated with his group.

The search for a settlement has involved five trustees, 12 pension schemes, five sets of solicitors representing pensioners, the more than 10 respondents, as well as 30,000 current or future pensioners.

Trustees hailed the result as a personal triumph for Sir John Cuckney, adviser to Mr Peter Lilley, the social security minister who has extracted an improved offer from Lehman Brothers and other institutions.

On top of the £276m compensation payment, the government is making an interest-free loan of £115m to the funds. A combined surplus in the 12 pension funds of £70m brings the additional money available to more than the total £400m shortfall.

## Europe row

Continued from Page 1

Major's staff had merely been given a copy of the chancellor's address in advance.

Mr Major, on a regional tour in Oxford, in the English midlands, tried to play down the crisis. He said Mr Clarke had "made it clear we are a long way away from the right economics for a single currency. These are the realities which the chancellor spelt out last night and I have spelt them out since 1990".

Even some Eurosceptics suggested that Mr Portillo may have overreached himself by slapping down Mr Clarke so publicly.

Several MPs said that with both Mr Clarke and Mr Portillo claiming to speak for the cabinet, Mr Major now had no choice but to take sides to restore his authority.

Sir Mark Lemmon-Boyd, a former Foreign Office minister and one of 106 signatories of a backbench motion praising Mr Major's increasingly tough stand on a single currency, said the chancellor had the right to make his views known.

Mr Peter Temple-Morris, a prominent pro-European, said ministers were setting the wrong example. "If the cabinet so manifestly can't get its act together there is no hope for the rest of us."

## UK retailer launches loyalty scheme card

By Neil Buckley in London

The supermarket price war in the UK took a new turn yesterday as Tesco, the second-biggest food retailer, unveiled a nationwide customer loyalty scheme, offering customers money-off vouchers according to how much they spend.

Tesco's magnetic card, called Clubcard, has been on trial in 14 stores and is to be launched in all its 500 stores from Monday.

Start-up costs have been put at £5m (£7.7m), but Tesco said it expected to cover the cost of discounts to customers through increased sales.

Predictions of an immediate "loyalty card war" were confounded, however, when J Sainsbury, the UK's largest grocer, rejected a national loyalty card scheme as too costly. It said it would continue to use local loyalty cards for limited periods, mainly to attract customers into new stores.

Mr David Sainsbury, chairman of Sainsbury, claimed that annual administration costs of a national scheme would be £10m.

Argyll, owner of food retailer Safeway, has made no decision about extending a loyalty card

scheme being tested in 25 stores. Should Tesco's scheme, which is open to all customers, prove successful, however, other groups may be forced to follow suit.

Analysts drew comparisons with the "Green Shield stamp war" of the 1970s, when retailers used one another to reward shoppers with trading stamps which could be collected and exchanged for goods. Tesco withdrew from the scheme in 1977, lowering prices to compensate, and provoking a price war.

Tesco said its new scheme differed from trading stamps in that it not only encouraged customers to shop in its stores but, since all transactions were recorded on a computer, it enabled it to build up a powerful database of customers' names, addresses and shopping habits. That information could be used for marketing purposes.

Clubcard members will have their card - which will not be used for payment - swiped on each shopping trip, and be awarded two points for the first £10 they spend, and one point for each £5 after that. Every quarter, they will receive discount vouchers according to the points amassed.

## Mexico crackdown on peasant uprising

Continued from Page 1

raise questions about whether Mr Zedillo's government is a worthy recipient of \$20bn of swaps and loan guarantees that the US is making available as part of a \$50m international rescue package. Mr Mack McLarty, a senior adviser to President Bill Clinton,

said yesterday that Mr Zedillo was "fully committed to political and judicial reform".

A government spokesman said yesterday Marcos was still at large, despite rumours to the contrary in Mexico City.

One observer said: "If Marcos is not captured soon, the psychological boost to Mr Zedillo's presidency will fade fast."

The Mexican press yesterday widely depicted Mr Zedillo's move as a gamble to shore up his unpopular presidency and to boost morale in his Institutional Revolutionary Party, which is trailing badly in the campaign for state elections to be held on Sunday in Jalisco.

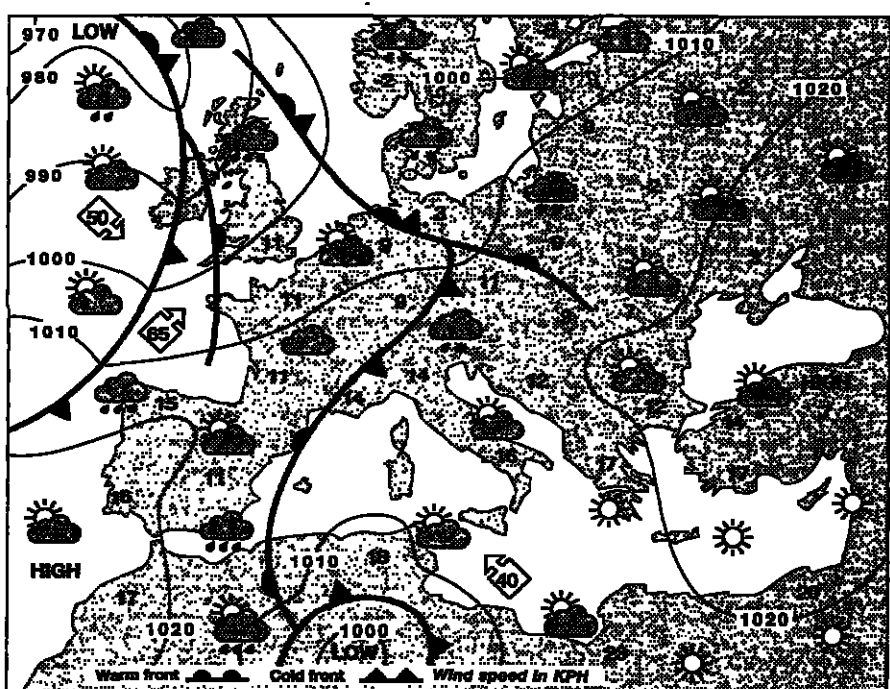
### FT WEATHER GUIDE

#### Europe today

An active frontal system will move over the British Isles, western France and northern Spain bringing cloud with a good deal of rain, especially over central Britain. Another front, stretching from central Europe to the western Mediterranean, will bring cloud from eastern Spain to Poland. Spain and Germany should have rain, while snow is expected in Poland. It will be mainly dry with sunny spells in central Spain. High pressure will ensure dry conditions in the Balkans and the central and eastern Mediterranean. It will be partly cloudy with some sunny spells in Italy and the Balkans, and sun will predominate in Greece and southern Turkey.

#### Five-day forecast

Rain and wind will sweep over western Europe into Scandinavia. More rain is expected in the British Isles, the Low Countries, Germany and France. Rain is also due in Spain and Portugal, as a disturbance moves through the area. It will be mainly dry in central and eastern Europe, but northern regions will be cloudy. The Balkans, Italy, Greece and Turkey will stay dry with sunny spells.



**TODAY'S TEMPERATURES**

Location	Temp	Location	Temp
Abu Dhabi	23	Madrid	13
Accra	23	Paris	10
Algiers	17	Rome	15
Amsterdam	10	Seoul	1
Athens	17	Singapore	31
Bahia	28	Sydney	14
Bangkok	28	Taipei	20
Bombay	28	Tokyo	11
Buenos Aires	13	Toronto	-8
Cairo	13	Vancouver	11
Cape Town	13	Wellington	9
		Winnipeg	-1
		Zurich	10

No other airline flies to more cities in Eastern Europe.

**Lufthansa**

## Warburg's woes

LEX COLUMN

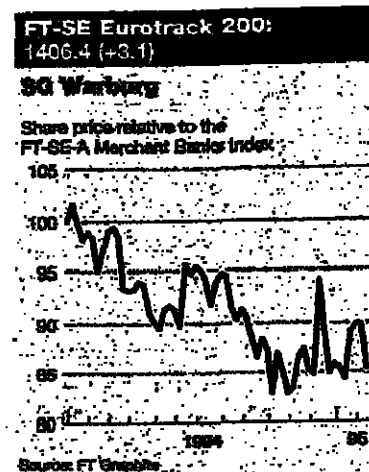
S.G. Warburg has been on the verge of crisis since its failed merger talks with Morgan Stanley last December. Its strategy of building a global investment bank on a go-it-alone basis has been damaged. Morale has plummeted. This week a team of eight bankers in its equity capital markets division, including the talented two chiefs, resigned. Unless morale can be restored, the headhunters entrenching the bank will have a field day.

At such a time, the senior management should be articulating a clear strategy. Instead, it has retreated into a bunker. Confusion has been compounded by the fact that important management changes leaked out this week without any clear explanation of what they meant. Day-to-day control of operations was shifted from Mr Derek Higgs and Mr Nick Yenny - the man previously seen as the main lieutenant of Lord Cairns, the chief executive. In the process, it looks as if Lord Cairns has accumulated further power.

Stopping the drift will not be easy. Warburg is in a strategic bind. The three main options available to it - pressing ahead with its global strategy, merging with another investment bank, or retrenching to a more profitable core - all have problems. The go-it-alone global strategy no longer carries conviction. Warburg not only suffers from a weak US securities business; last month's decision to axe its international bond operations means it now lacks one of the main products offered by integrated investment banks. Theoretically, Warburg could build up its US operations and fill other holes in its international strategy. But this would be expensive and it would be hard to convince shareholders that it was worthwhile.

Merging with another bank could give Warburg global reach. But the group has already seen the damage caused by botched merger talks in an industry where the main assets have legs and can walk. Cutting back to the core might look an attractive way of improving profitability. The snag is that as peripheral businesses are closed, what previously seemed to be core could easily become peripheral. The core international equity business has already been weakened by this week's resignations and the decision to pull out of international bonds; if the US operations were cut back, the international equity business would be further damaged.

Though none of Warburg's options is appetising, the bank might make a success of any of them if it was able to win the confidence of staff and shareholders. Unfortunately, it lacks such leadership. Though Lord Cairns has many qualities, communicating effectively is not one of them. That need not prevent his taking over from Sir David Scholey as chairman in June. But there are no plans to replace him with a new chief executive. Whatever the theoretical arguments for and against combining the roles of chairman and chief executive, Warburg's current plight cries out for an inspirational chief executive. Its board should send out a search party without delay.



Lloyds sprang some pleasant surprises yesterday. The most unexpected was not the 26 per cent increase in pre-tax profits, nor even the 17 per cent dividend rise. Rather, it was the expansion in the domestic banking business. Not only did domestic net interest margins widen, but there was even growth in the loan book during the second half. The improvements were not spectacular. But they do contradict conventional wisdom that earnings from the clearing banks' UK retail businesses can only be driven through cost-cutting.

Lloyds has underperformed the banking sector ever since it was left strategically bereft following its failed bid for Midland in 1992. Until its latest strategy, the purchase of Cheltenham & Gloucester, is approved by the building society's members in March, the shares will remain under a cloud. Thereafter they could continue to underperform. Maintaining earnings momentum this year could prove difficult.

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# Weekend FT



Dresden in ruins: 'The next day, I could hardly see the sun. It was so dark. Everything I saw had been destroyed.'

## The night the innocents died

Allied bombing flattened Dresden exactly 50 years ago. Judy Dempsey asks survivors what it was all for

It was my father's birthday," recalled Ernst Hirsch of the night of February 13 1945, the night British and American aircraft bombed Dresden. "We lived on Johanna-Georgen-Allee in the city's Innenstadt [centre]," said Hirsch, then eight years old. "For safety, children were already being sent to the countryside. But I was allowed to spend the day in Dresden. We were going to have a small celebration for my father. It was his 55th birthday."

During that February evening 50 years ago, there had been several air-raid alarms - nothing new for the city's 630,000 population which had swelled during the war as many refugees sought refuge in Dresden after fleeing the fighting in the east. Many were living in the cellars of churches and houses; 300 were

in the bowels of the Frauenkirche, in the heart of the city. "At 9pm I was sent to bed," recalls Hirsch. "I was sleeping in the cellar. Soon, I felt the whole house shake. It was the first bombing raid. My mother wanted to go upstairs to get more bedding. But the house was already burning." The raid, which started at 10.03pm, lasted 25 minutes.

As happened when Hamburg was bombed in the summer of 1943, the first raid over Dresden created a firestorm in which super-heated air rose explosively, pulling in cool air from the periphery in hurricane force winds which fed the central blaze. Within minutes, more than 15 sq kms of the city's elegant buildings, streets, museums, churches, and art galleries were engulfed in the flames.

Three hours later, at 1.23am, there was another raid.

"We had managed to get out before it started. The entire street was in flames. We rushed, like so many other people, to the Grosser Garten, [the city's public gardens]. We thought we would be safe in the open. But they dropped bombs there as well. We were so afraid."

In the course of the two Allied raids, 772 Lancaster bombers had dropped 1,477 tonnes of mines and explosives, and 1,181 tonnes of incendiary bombs. Almost all the 7,400 homes and public buildings in the Innenstadt were destroyed. Nearly 38,000 people were killed.

"The next day, I could hardly see the sun. It was so dark. Almost covered in ash. Everything I saw had been destroyed," said Hirsch.

"The Red Army arrived in Dresden on May 7 1945. We were occupied," Hirsch continued.

"Those times were frightening. During the month of April 1945, very early in the morning, three men knocked on our door. We were living on the outskirts of the city. My mother was out working in the fields, like so many other women, trying to feed the city. My father was taken away. I never saw him again."

Who took him away? "The Russians."

Why? "My father had been a judge. He had been in the [Nazi] Party. But he never prosecuted any Jews. He stayed in east Germany after the war, unlike many other judges who went to west Germany. They took him away because he belonged to a bourgeois family."

Did you ever find out what happened to him? "We tried. We wrote to the authorities."

Did you ever get a reply?

There was no information about his whereabouts. No record of a trial. No details about his imprisonment or death. No recourse to the law. Nothing. It was like what you read in Solzhenitsyn's Gulag Archipelago."

Hirsch paused to show me photos of inter-war Dresden, once called the Florence of the North. "I was playing in the street the day they told my mother that Father had disappeared."

He was not allowed into the Gymnasium, or secondary school. "That was for working-class children." Instead, he joined the Zeiss-Ikon optics factory in Dresden, eventually becoming a photographer and cameraman for the local television service. He never joined the East German Socialist Unity, or communist party. He lost his job in 1968 when he refused to support the Soviet

invasion of Czechoslovakia. Only once was he allowed to travel to the West - in 1986 - to film. "I went to Italy. It was marvelous. The freedom to travel. The colours. The light. When I returned, my wife and I applied to emigrate. We finally got permission. On October 3 1988, just as things were beginning to change. Nevertheless, we left."

Hirsch, who returned to Dresden in 1993, is now responsible for the film and documentary archives of the Frauenkirche. The church is being rebuilt as a symbol of Dresden's former glory, and the destruction of war.

As you collect old film and photographs about the Frauenkirche and the city, what do you feel about the bombing of Dresden?

"It was total war. Aimed at demoralising the people. Did that strategy succeed? It had no affect whatsoever. It was too late."

□ □ □

"I can still feel the intense heat of the fire."

Ursula Schinck, aged 71, was sitting in the study of her home which is perched high over Dresden.

On December 23 1944, she

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NEXT WEEK  
Salmon: the end of a noble line



Joe Rogaly

## Think of it as protection

The poor are still with us. It is in your interests to help them

The poor are an awful nuisance. They spoil the view. Fill slums, demand social assistance, beg in the streets, frequently get sick, drag schools down, tug at our conscience, frighten us, breed criminals, take to drugs - and worst of all, feed our subconscious terror at the thought of becoming unemployed, dependent on a state pension, out of luck, out of money, no longer one of us but one of them.

Can it have been Britain's lowest classes that Stephen Norris had in mind this week when he described users of public transport as "dreadful human beings"? Surely not. The minister for more motor cars is by all accounts an amusing and intelligent fellow, one who might have expected not to be taken out of context, or, worse, literally.

Yet his phrase is a gift to the Labour party. It is impossible to resist the temptation to apply it to yesterday's report on income and wealth from the Joseph Rowntree Foundation. I will come to the JRF findings in a moment; just note for now that here is further evidence that, distressing as it may be to be very poor in any circumstances, it is worse under the Tories.

This must be set beside the daily accumulation of news items that suggest that since Margaret Thatcher took office

in 1979 it has been bliss to be rich, and positive ecstasy to be super-rich. A single painting could sum up this view of British society today. It would show a corpulent, sun-tanned power industry boss in a limousine, and a gang of pale, thin, bored, angry young men on the pavement.

No, I am not exaggerating. Not much, anyway. Turn to that JRF report, which is signed by, among others, Howard Davies. He is no pinko. He is director general of the Confederation of British Industry. The report's most devastating conclusion, drawn from a variety of statistical sources, is that during the 1980s the poorest fifth of Britain's population got *nothing* out of economic growth. Families in public housing, pensioners on state benefit and the long-term unemployed, are among those who received little or no real increase in income.

Some members of this "underclass" are actually worse off than their equivalents in the late 1970s. The authors say that an increase in inequality might be justifiable if the living standards of the lower income groups rose even slightly along with the rest, but this did not happen.

In short, there is no sign of "trickle-down", a term used to describe the rubbing off of some of the benefits of

national wealth creation from the rich to the less well paid. The liberal American economist J.K. Galbraith has his own version of this theory. The way he tells it, if you feed sufficient oats to a horse, there will be something at the end of it for the sparrows. The trouble with the Thatcherite 1980s is that the sparrows did not even get as much of what emerges from the back end of

'Just think about how safe you feel in certain streets at night'

horses as they had a decade earlier.

I am not asking you to express sappy sympathy for unmarried mothers in council flats. Just think about how safe you feel in certain streets at night. A divided society is insecure. This ultimately threatens everyone. "Just as in the last century it was in the interests of all to introduce public health measures to combat the spread of infectious diseases fostered by poverty," says the report. "so in this century it is in the inter-

ests of all to remove the factors which are fostering... drugs, crime, political extremism and social unrest."

In short, Britain is becoming more like the US, a country where the wall-building industry is the one to buy into. Walls around prisons, walls around ghettos, walls around guarded suburbs, safe havens for the affluent. On this side of the Atlantic we can see where Reaganomics led; the mystery is why we are following the same short-sighted pattern.

It may be protested that you cannot have economic growth without some people getting richer. Granted, and good luck to them. Yet if you look at selected industrialised countries there is no clear correlation between the extent of inequality and economic performance.

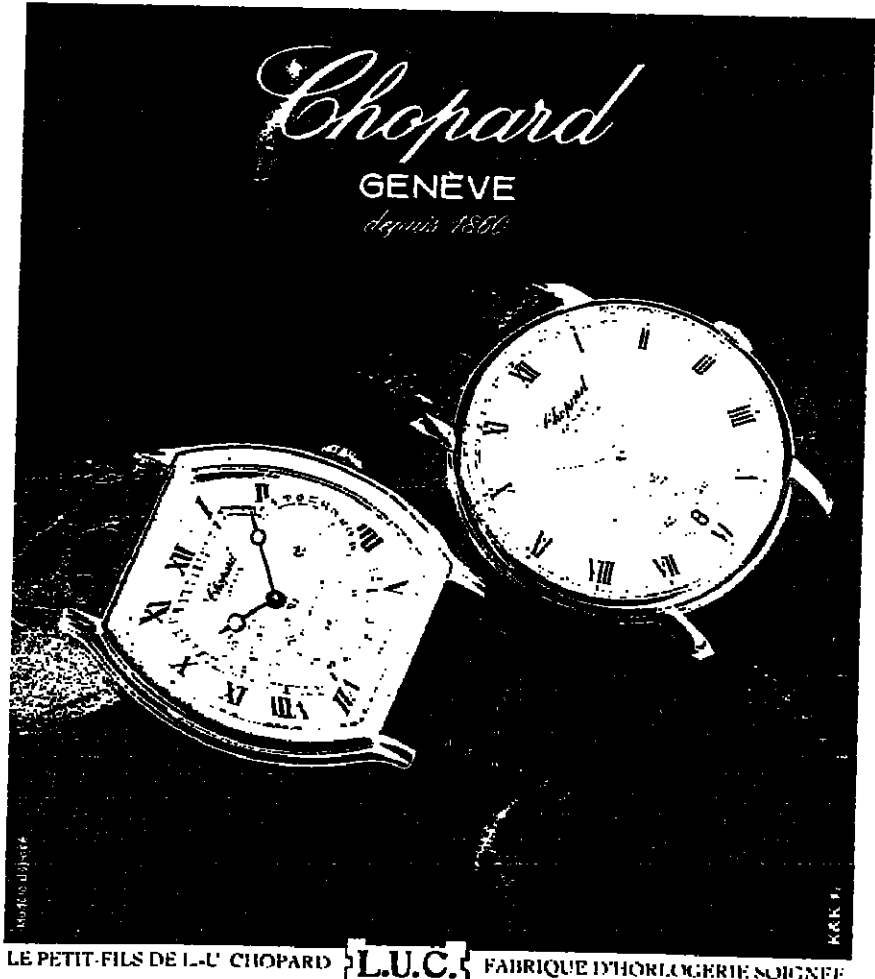
During the Thatcherite 1980s the gap between rich and poor widened in Britain more rapidly than in any other country save, curiously, New Zealand. Such comparisons are never precise: there are too many statistical differences between countries. The trend is, however, clear. So is the brutality of "trickle down". Taken over the whole of 1979-1994, the growth in British national income was not particularly impressive when set against previous postwar periods or other countries.

No one, not the Labour

party and certainly not the Rowntree committee, has suggested putting the clock back to 1979. The shift in the balance of taxation from direct to indirect imposts is taken as a given. There is no suggestion of a higher rate for higher earners, merely a lower one for the lower paid. It would be prohibitively expensive to uprate social security payments in line with earnings rather than prices. That link could not easily be restored. The repositioning of the welfare system into one that encourages work is a commonly-held objective.

You see? There is no revolution in sight. What is on offer is a list of specific improvements: to education and training, childcare, social security rules, and, in the gentlest possible way, some elements of taxation. As in last year's similar report from Labour's commission on social justice, the implication is that benefits should be targeted, not universal. The Tories patented that one, and much else in the list besides, but their attitude is mistrusted.

This is why Tony Blair did so well out of inequality this week. The Labour leader's message about the need for the community to support the individual, in tune with the 1980s even if the changes he would make are marginal. Never mind. Every little helps.



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## PERSPECTIVES

## Dispatches

## Lord of the lion dance

Kieran Cooke breathes a sigh of relief at the end of Chinese new year

**R**elax. It is over. The stomach, feeling like a barrage balloon caught in a force 10 gale, can struggle back to some sort of normality.

The banging of drums and clashing of cymbals is no more. There are no friends in the house, eating every last morsel. For the first time in what seems like weeks, there is no sound of sizzling woks and crashing of pots and pans.

Chinese new year can be a tense time in our household. This year, when the sign of the pig waddled in, was typical.

Doris, my mother-in-law, is a Chinese of the old school. Food – the eating of it, the discussion of it, the price of it – is central to her being. She must know not only what is for breakfast, lunch and tea, but what

is for dinner the Wednesday after next.

Doris (her late husband, captivated by her singing, nicknamed her after Doris Day) has visited us around the world. She stayed in Athens, in Oxford, in the west of Ireland. Now she trots up from her home in Singapore to see us in Kuala Lumpur.

Every Chinese mother feels her children starve when away from the home-fried wok. Her suitcase has few clothes. What it does contain is enough food to do justice to a Chinese supermarket.

I once accompanied Doris through Irish customs. The customs man, catching a whiff of some substance hitherto unknown to his nostrils, asked for bags to be opened. His eyes went as wide as mountain lakes. There were packets of dried

mushrooms. Sweetmeats. Chinese sausages. Mysterious bottles. He held up a carcass in a packet that looked as though it had been run over by a Dublin corporation steamroller. "And what Madam, would this be?"

Doris was shocked at such a show of ignorance. "Waxed duck, of course," she said. "You see at this time of year the spring winds are blowing in China and they hang out the duck to dry. Very good in cold weather. You cook it with..."

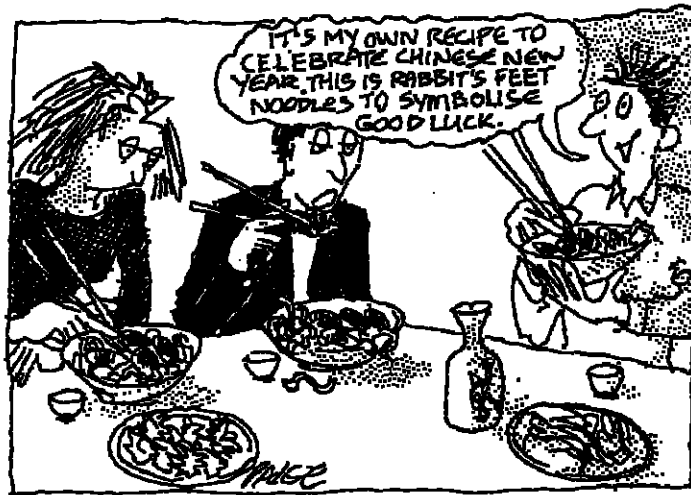
Any further discourse was interrupted by an almighty sneeze. The zealous customs man had made the mistake of taking the top off a bottle of Doris's home-made curry powder. We were waved through, the official's eyes streaming, his nose wobbling with exertion.

This year, Doris arrived a week before the new year festivities started. The first thing was a top to bottom cleaning of the house, to banish the evil spirits. Chinese characters for good luck, health and prosperity were hung on doorways.

Doris is aghast at the spiralling cost of flowers but still buys armfuls for new year. The rice bucket has to be filled up, to ensure plenty. All debts have to be paid. Everyone should have new clothes.

And so to the food. The cooking of Chinese food might be quick, but preparations take hours, sometimes days. Cutting, chopping, grinding, soaking, drying. In the midst of it all is Doris, crouching with a cleaver in her hand, ready to do battle with yet another piece of animal or fish.

The new year's eve dinner is the centrepiece of the Chinese culinary



calendar, a banquet from which any normal eater retires, reeling, well before the last course is served. Each dish is a symbol of good luck and prosperity.

The Chinese for fish, *yü*, sounds similar to the word for plenty – so you eat platefuls of it. The round pieces of bean curd look like coins, so you gobble those down. Prawns, *haz*, symbolise happiness – those slide nicely into the stomach as

well. After a while you feel as though you may never stand, let alone walk, again. And still Doris brings more to the table. "More, more, cannot throw, got to eat," she says.

Finally the oranges arrive. The word for them – *gum* – has a similar sound to that for gold. So the more you eat, the richer you become. More oranges are consumed per head of population in

Hong Kong than anywhere else in the world.

On new year's day you visit close family. In an effort to cleanse the overloaded system, you only eat vegetarian food. But in the days that follow, normal eating is resumed with gusto as the Chinese visit friends in a never-ending stream of "open house" parties. You go out, eat three meals at three different houses in the space of a morning, then return home to find a party of visitors waiting, rubbing their stomachs, on the doorstep.

After two days of this, I dream I was lost among a group of slithering prawns. For some reason they were laughing. I woke up in what seemed to be a war zone. No one had told me that we were having a good luck lion dance in the house. It was like the entire London Symphony orchestra warming up in the bathroom. At such times madness inches just that little bit closer.

Now, thankfully, calm is restored. Doris is down in the kitchen, plotting what is on the menu for Thursday week.

"So what does the year of the pig signify Doris?" I should have known the answer. "Full stomachs," she said.

## Minding Your Own Business

## Bonfire of the bees

Clive Fewins on an ex-teacher who nearly saw his hopes go up in smoke

**W**hen Adrian Perkins was awakened by explosions at 2am on an early November day nine years ago, he thought it was pranksters celebrating bonfire night early.

When he looked out of a window at the rear of his house he saw his garden shed workshop ablaze and the building surrounded by firemen.

"It was a terrible shock. The fire was very intense and destroyed most of my equipment and stock," said Perkins. A worse shock was to follow when Perkins realised he had not insured the building or its contents, which represented the first five years of his beeswax polish company.

"The total loss was £20,000 – probably more money than my business had made in the previous five years," said Perkins, aged 55.

So it was back to square one. At first Perkins wanted to give up and try some other form of making a living. Instead, he borrowed £12,000 from the Midland Bank and £8,000 from his parents, and started afresh in a 750 sq ft industrial unit in the village of Cottenham, seven miles away.

"I was in business again in four weeks. I lost very few orders and have not really looked back since," said Perkins. Business expansion however has been steady rather than dynamic. Even though he is, he believes, one of only two small beeswax manufacturers that sell to shops throughout the country, Perkins turned over a mere £64,000 in his last year of trading.

"Nevertheless our net profit was £14,000, which was a great

improvement on the previous year. This year I am confident of turning over £70,000 and I am hopeful that profits will be up too," he said.

If he had been asked 20 years ago, when he was thinking of giving up teaching, what he would be doing in 1994, Perkins says he would have been quite unable to answer the question. "All I knew was that I did not want to be a teacher all my life," he said. "As I approached 40 I felt I was running out of ideas."

In 1975 Perkins took up beekeeping. He was soon hooked. In an apirist's magazine he discovered an old Victorian recipe that he found made wonderful furniture polish. At the time he was teaching and living in Suffolk. In 1980 he married and he and his wife Rosemary moved to Cambridge, where she worked as a physiotherapist and he started the beeswax business in the garden shed.

"As a full-time producer of beeswax polish I made a loss in my first year, but things improved over the years until the fire forced a rethink," said Perkins. "On January 1 1986, I formed Cambridge Traditional Products with Rosemary as co-director and determined to expand my market."

Until then, Perkins had attempted to cover the country using a handful of agents. He soon expanded this to a team of 12 commission-only agents which he recruited by using a commercial representative's register and the recommendations of customers.

"Using the agents leaves me free to make the polish and run the business more efficiently, and also to concentrate

on the export side," Perkins said. "In the first few years I did far too much running around. I find using agents, who are trained salesmen, which I am not, works well."

"I pay agents above the going rate – 20 per cent if they take the order to the customer – and in return I expect a high degree of loyalty. On the whole it works well. It is possible to get £200 worth of goods in an estate car, so most agents are happy to be responsible for delivery."

When the chance of a big

'All I knew was that I did not want to be a teacher all my life'

new account arises, Perkins visits the customer himself. Over the years he has tried – and failed – to get his products on to the shelves of leading supermarkets and the shops run at many properties owned by The National Trust.

However, this year he has sold to his first important store chain, John Lewis. It sells Cambridge Traditional Products in 18 of its 21 branches.

"It's going very steadily in the John Lewis stores," Perkins said. "The contract is not going to double our turnover this year, but a new arrangement like this needs time to build up. Over the years I have found a great brand loyalty to our products. Once people buy a jar of our polish they stay

with it." A possible development that could double Perkins' turnover is the chance of selling his products to a large paint company that wishes to expand its range.

"It is very exciting," he said. "Together with recent export achievements – I sell to 10 countries – all this means I may have to expand my staff. We have the capacity to increase production by up to 4% times without needing new equipment or bigger premises."

Perkins, who is now divorced, has two part-time staff. Numbers expand to three in busy periods. He no longer has time to keep bees – in reality, his own bees provided little of the raw material for his products – but buys his wax from a specialist importer.

"Beeswax is basically the same from every country," Perkins said. "It is the added ingredients and the recipe I use that is the secret."

He has another secret he is unwilling to share – the recipe for a new product he is developing. "It is a leather polish for which I have another old recipe," Perkins said. "The problem is that a key ingredient is hexane, which is nasty stuff and which I'd need a special licence to handle. If it could conceivably cause any harm to my staff I shall not proceed. But with a little common sense and intelligence we can probably find an alternative ingredient that will help us produce a useful addition to our range."

Cambridge Traditional Products, The Maltings, Mill Field, Cottenham, Cambridge CB4 4RE. Tel: 0854-251330.

## Art behind closed doors

Claire Frankel tries to view the collections of the St James's clubs

**C**lubland in London is not exactly the OK Corral, but the collection of "kill-tante" paintings, plus the Rowlandson portrait of Charles James Fox and a group of Reynolds's works. Sheridan was blackballed twice. I was in good company.

*Nil desperandum*, I said, as I considered how to dress for my appointment at the Savile Club. I opted for unfeminine, inoffensive trousers. My gracious host, who had gained permission to be my guide, showed me in.

Art collections are among the lesser-known attractions of men's clubs and, several months ago, I decided to pursue my interest in art by trying to visit a few.

I began with that Grecian wonder on Pall Mall, the Athenaeum, built by Decimus Burton and furnished with a Parthenon-type frieze.

My decision to start here was not for alphabetical reasons. It was marital – I am married to a member. I explained my request to the librarian on the telephone, who, after a leisurely pause and in the nicest kind of way, informed me that this gave them a problem. If I had not been so wedded, there would have been no difficulty – the club would have said "no" straight away. In my case, it said "no" by letter.

Down the road sits the Italianate palazzo of the Reform Club (it is liberal enough to take women as full members). Back came the answer, from the secretary, via a woman member. In short: forget it.

My request to Brooks's was similarly received. "We've been warned about you," said Mr Snell, the club secretary, on the telephone. I had taken the

straightforward route of contacting a club member to ask if I might make an appointment to see the collection of "kill-tante" paintings, plus the Rowlandson portrait of Charles James Fox and a group of Reynolds's works. Sheridan was blackballed twice. I was in good company.

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"Some of the members are complaining there is a lady in the Morning Room..." We slunk into what is curiously called the Sand Pit – I considered renaming it the snake pit – which is devoted to former club members. Works include Nicholson's cartoons, caricatures and portraits, as well as his woodcut of Kipling; also Lloyd George, Kingsley Martin and H.G. Wells (with Mussolini in the middle) by David Low; and items by Max Beerbaum and Ayrton's drawing of C.P. Snow.

And so to Boodles. Boodles is frozen in the 18th century. Founded in 1782, the club, unlike Brooks's just across St James's Street, is not political and never was. The overall membership is landed gentry with the usual liking for country pursuits. As for its art, rare is the painting that is not of animals.

In the Coffee Room, where lunch is served on weekdays, a massive oil of *Dogs Barking at Stags* by Abraham Hondius, 1671, bears down on those eating venison.

Boodles must have the definitive collection of Lynwood Palmer paintings. Six of them, portraying winners of the Grand National, grace the stair wall and above each painting hang the original silks, harness and whips placed in a glass-fronted box. Being an art snob, I was particularly delighted to see the worthy Stubbs horse, tucked away behind non-reflective glass.

Boodles ladies have, since the 1960s, had a separate entrance to their own parlour/restaurant space. Presiding over this decidedly less leathery dining room is a vast, decorative mural painted directly

on the wall in 1881, of country scenes found on a late 16th century tapestry at the V&A.

The Arts Club, on Dover Street, is floridly decorated to come in and walk upstairs, past the huge Solomon of Solomon painting of Mrs Patrick Campbell, but would not show me around.

The club has been going for 130 years and was historically one for established artists, including Lord Leighton and Sir Winston Churchill – dealers and critics were not allowed. Nearly all the Royal Academicians used to be members: today, 17 out of the 46 are.

There is nothing stodgy about the Garrick, in spite of Lord Lester's recent resignation over the exclusion of women. Through the glass doors of its small entrance hall, you glimpse the grandeur of curving oak stairs and a vast array of floor to ceiling paintings. They are a mere dollop from the collection of 700 portraits or theatrical scenes.

The most valuable paintings are probably those by Zoffany. Dark burgundy walls in the chandelied Coffee Room are laden: Zoffany's *King and Mr & Mrs Baily* sit over the fireplace and there is an unfinished portrait of Garrick with Mrs Siddons. Sir John Millais's portraits and those of Gainsborough Dupont are scattered about.

Clubland is, of course, not about art. Rather, like home, it is enhanced by it and the taste of the members is reflected and reinforced by it. Clubs like to be costly private – part of the privilege of privilege. If you want to see the art, do not ask. Find a friend who is a member and go.

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PERSPECTIVES

The Nature of Things

# Waiting for the big wave

Gravitational ripples through space could cast light on the birth of the universe, writes Clive Cookson

**C**osmology feeds on violence. The most violent cataclysms in the universe, such as the destruction of a giant star in a supernova explosion, can reveal fundamental forces and particles that remain hidden under calmer conditions.

A priority at present is to detect the "gravitational waves" generated by such violent events.

For 30 years scientists have been looking without success for these ripples through the fabric of space - originally predicted by Albert Einstein in his general theory of relativity. Now they plan to spend several hundred million dollars of public money on more sensitive detectors.

The main reason for pursuing gravity waves is that "they give us an entirely new window on the universe", says Ken Founds, chief executive of the UK Particle Physics and Astronomy Research Council. "Until now, astronomers have only had one way of looking at

what's happening, with electromagnetic radiation [light].

Light comes in a vast spectrum of frequencies, from long-wave radio through microwave and infra-red, visible and ultra-violet radiation, X-rays and gamma rays. But photons, the particles that carry light, are subject to certain fundamental limitations - in particular, they cannot escape from inside the densest and most energetic systems in the universe.

So astronomers who try to observe a collision between two black holes, for example, can detect electromagnetic radiation only from the outer fringes of the event.

Gravity waves are not constrained in this way, so they would provide our first direct view of the way space behaves under extreme conditions.

Cosmologists are especially excited by the prospect of glimpsing the most violent explosion of all time, the birth of the universe itself in the Big Bang. We cannot "see" the universe when it was less than 300,000 years old using electromagnetic radiation, because it was too dense before then for photons to escape. Gravity waves, on the other hand, may still be reverberating around the universe from the first microsecond of its existence.

To imagine gravity waves,

think of space as a two-dimensional sheet. A ball rolling across the sheet would set up tiny ripples analogous to gravity waves. These could be detected by measuring the way they distort space, squeezing in one direction and stretching in the other.

The problem is that gravity is far weaker than the electromagnetic force that gives rise to light, so gravitational radiation is correspondingly feeble. The distortion expected is so slight - about one part in a million billion - that gigantic detectors are needed.

Scientists are planning four instruments: two in the US (Ligo), one in Italy with

French participation (Virgo) and one in Germany with British participation (Geo 600). All will use a technique called laser interferometry.

Each detector will be L-shaped, with two long arms at right angles. The arms are identical vacuum tubes - 4km long in the Ligo instruments and 600 metres in Geo 600 - with super-smooth mirrors at both ends. In the middle of the "L" is a laser, whose beam is split and sent down the two arms.

The twin laser beams are reflected up and down the arms several hundred times, and then allowed to recombine at the centre. This gives a

characteristic "interference pattern" of light and dark fringes. If a gravity wave passes, it will slightly alter the relative distance travelled by the two beams and produce a corresponding change in the interference pattern.

Since the instruments are measuring such tiny effects - a gravity wave will elongate or compress each arm of Geo 600 by no more than one-thousandth the diameter of an atomic nucleus - they will be engineered with unprecedented precision and isolated from noise and vibration with an elaborate series of dampers. Even so, the instruments are bound to be jolted occasionally

by terrestrial events. The scientists will weed out these local artefacts by comparing the output from different machines. Only a real gravity wave would give the same signal at instruments thousands of kilometres apart.

A more important reason for building a worldwide network of interferometers is that on its own would give no idea of the direction from which a wave had come.

Jim Hough of Glasgow University, a leader of the Geo 600 project, says four big detectors are needed to pinpoint the wave's origin in space, by timing its arrival at each site. Although scientists are still

short of funds to build the whole network, they hope at least three instruments will be working by 2000.

At the same time they are planning the next step: a network of gravity wave detectors in space. The European Space Agency is considering the Lisa project, in which four satellites 5m kilometres apart would fire lasers at one another.

Few scientists doubt that gravity waves exist. Indeed, astronomers have obtained indirect evidence for their existence by observing super-dense binary stars; such systems move in a way that exactly matches the predicted loss of energy through gravity waves.

But no one has much idea what cosmologists will learn from observing the violent universe through a gravitational window, any more than Galileo knew what great discoveries in optical astronomy would flow from his invention of the first telescope.

the bees

## A struggle to come in from the cold

John Thornhill receives a warm welcome when he visits an oil town in western Siberia

**F**ive hours flying time east of Moscow lies the isolated town of Kogalym where 60,000 hardy people make a living extracting oil from 8,000 nearby wells. That the town exists at all is remarkable. Only from a helicopter is it possible to appreciate the unrelenting bleakness of the landscape.

As far as the eye can see there is little but stunted trees and blotches of marshes on a patchwork of virgin snow. The sun, which in winter only staggers above the horizon, casts a dull glow across the snowdrifts where the temperature can fall to minus 52°F. It is little wonder to learn that in the local dialect Kogalym means the place where men come to die.

Yet it is the unlikely destination for one of the first examples of a Russian corporate press trip. As a market economy develops in Russia, and its cash-hungry companies scour the world for capital, some executives have grasped the value of public relations. So it was that Lukoil, which intends to sell 15 per cent of its equity to foreign investors, invited a group of journalists to its heartlands in the depths of Siberia.

We are lucky - it is only minus 27°F when we arrive and we are soon treated to a warm Siberian welcome. A feast of cold meats and salads has been laid out. The inevitable rounds of vodkas and toasts quickly follow.

Next morning, the company representatives escort us around their town. Kogalym contains many identical 1980s Soviet tower blocks but the oil bosses have built a rare number of amenities too: an extensive sports complex; a music

and arts school; a newly-built hospital; and the delightful "Mowgli" kindergarten.

Anna Chubora, its headmistress, rushes round her domain describing its many features in an excitable chatter. A blur of colours, thanks to her peroxide blonde hair and loud blouse, she speeds through the pet room - including ducks, rabbits, tortoises and a polar owl - and on into the swimming pool where a dozen small boys, wearing oversized pink bathing caps, bob up and down in random motion. Their tongues loll

### Journalists from the Russian news agencies competed to down vodka

as they try to copy the gymnastic gyrations of their beautiful instructors.

The school contains a computer room, where the tots play games, a speech therapy department, and a medical centre where the children receive laser lamp treatment. In the dark winter months to help them grow. "For a small town in Siberia we have a lot of interesting things to see," beams the headmistress.

At the subsequent press conference, at the headquarters of the local Lukoil subsidiary, Kogalymnftgaz, Semyon Vainshtok, the company's general director, takes great pride in the town's facilities, saying it is important to look after the oilworkers.

But he concedes that Kogalym is far from being a typical

Siberian oil town and says he does not know how long the company can afford to support such social obligations. He stresses how Lukoil is playing by a different set of rules where cash is king and profits the goal of every enterprise.

He talks candidly about the problems facing his industry. Lukoil, which has activities ranging from the well to the pump, has suffered less than most.

Vainshtok says the company is still plagued by plummeting production levels because of the country's economic upheaval, the crisis of inter-enterprise debt, the uncertainties of dealing with the government and the idiocies of the export regime. In spite of it all, he says: "Our people do not live worse than before."

By turns charming and mildly menacing, the mercurial Vainshtok clearly commands respect. He says even the cows he owns stand up when he enters the town's covered farm.

His teeth flash gold when he smiles; his eyes flash steel when he glowers. Kogalym is a one-company town and the people are wholly dependent on it. Red Lukoil badges have replaced the Communist Party insignia on the lapels of the overtly ambitious.

That evening we visit one of the town's banyas - a former party hideaway now converted into a bathhouse for guests. A director patiently explains how it is physiologically necessary to drink vodka before the banya - and cognac after. Incredible though it seems, we leap in the outside snow after broiling for half an hour.

The following day we set off for Langeepas, another oil town, which is also part of Lukoil's

empire. On the way, the resilient correspondents from the Russian news agencies, Interfax and Itar-Tass, compete to down vodka.

Physically intimate with each other in the manner of Russian men, they then fall asleep resting their heads on each other's shoulders and dribble down their jumpers. The driver forgets to turn on the heater in the truck. Four and a half hours later a dozen blue journalists emerge from the fridge on wheels.

A hastily-convened press conference is arranged where Vladimir Zazinsky, the production-minded chief engineer, is little interested in fancy notions of raising money in foreign markets unless it gives him the cash to develop new wells. Yet Langeepas is one of

the few towns in Russia where people unhesitatingly say life is now better than before. The sincerity and the warmth of the welcome almost overwhelms. Another tortured - although warmer - journey back to Kogalym. Another feast... more vodka.

Although the trip provides a fascinating glimpse into the lives of working Russians, it is something of a mystery what message Lukoil is trying to impart. The information that is the meat and drink of financial journalists - and foreign investors - is largely absent.

It is possible to see the social role that Lukoil plays in its communities and its impressive organisational abilities - but impossible to make an assessment of its financial performance.

Just as the company is working out how it must present itself to the world, the media are also groping for meaningful questions to ask.

Russia's leading executives are rapidly changing their priorities and perspectives. From being the mere executors of the central planners' will, they have suddenly been transformed into extraordinarily powerful managers in a free market system.

How such bosses balance their aggressive instincts to make money with their obligations to the thousands of workers they employ will have a big influence on the shape of Russia's economy and the nature of its society.

As these companies raise their sights beyond their

immediate problems, they could emerge as ferocious competitors in the world economy too. On some estimates, four of the world's 10 biggest oil companies are now Russian.

After consolidating five Russian companies, Lukoil, which already produces 15 per cent of Russia's oil, claims it will emerge as the biggest in the world in terms of known reserves - although this depends on the chosen methodology.

But, as one investment analyst noted, Russia's obsession with size has rarely produced results. The world's biggest cannon stands in the Kremlin but it has never fired a shot.

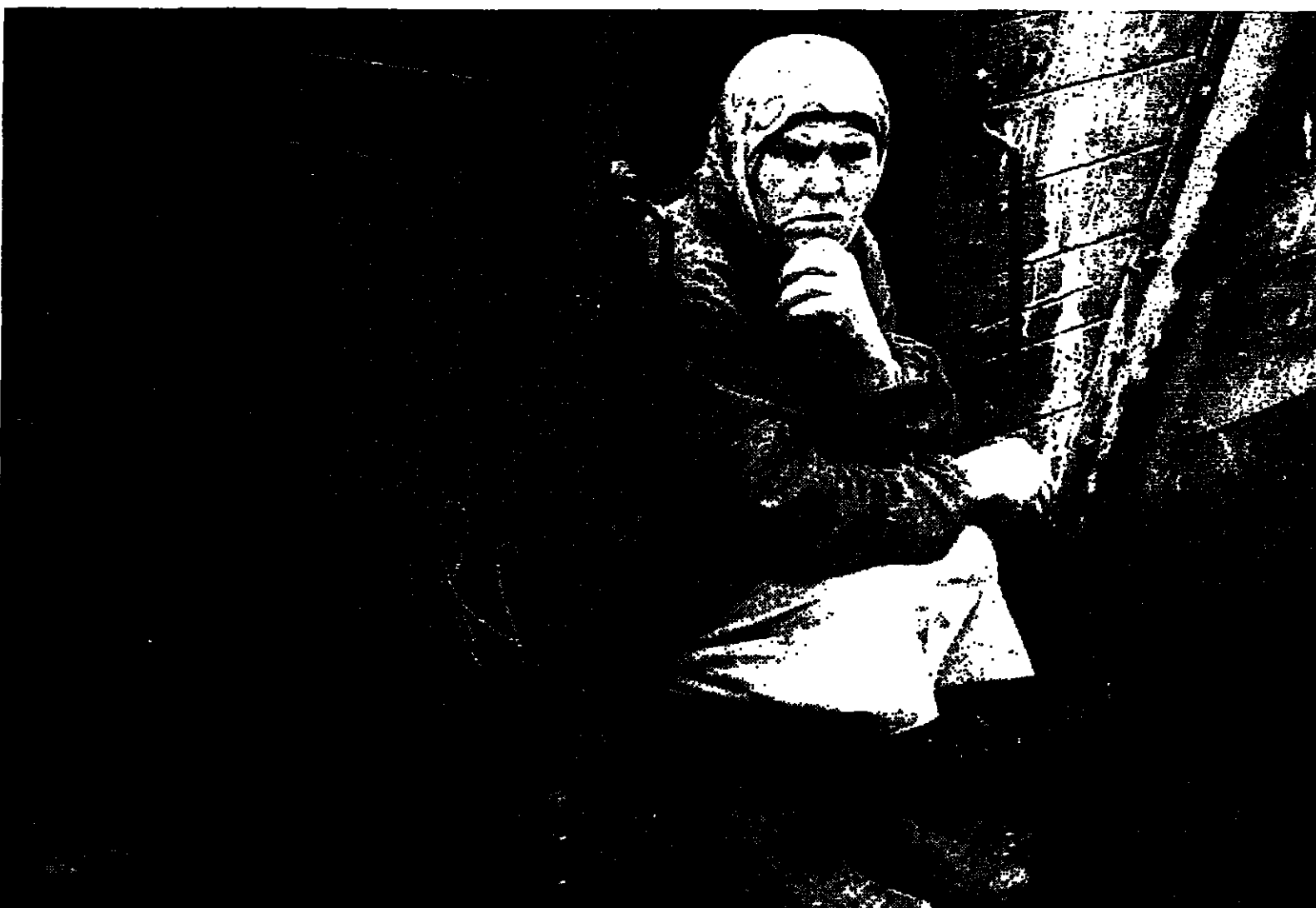
With vast reserves, few limitations from outside shareholders, an unleashed capitalist

dynamic, and a rapidly-developing appreciation of how global companies work, Lukoil's bosses appear to have every intention of making a bang on the world stage. They are certainly proud, smart and intensely ambitious.

Amid the dramatic headlines of political upheaval in Russia, and war in Chechnya, it is easy to overlook the daily struggles of the ordinary worker and the extraordinary patience of the Russian people.

As we stand on the tarmac at Kogalym's windswept airport waiting to leave, it is hard not to admire the courage of those who consider this place as home.

It is harder still not to hope that whatever fate awaits such Russians it is easier than what has gone before.



Contemplating the future: It is easy to overlook the daily struggles of the ordinary worker and the extraordinary patience of the Russian people

Robert Harding Picture Library

## A Falklands' catalogue of errors

Michael Wigan on how human blundering has shaped the windswept islands in the South Atlantic

**W**hen a Land-Rover sales team visited the Falkland Islands, the inhabitants just laughed.

"We were doing things in Land-Rovers they had not even dreamed of," said the raggedly-clad driver as we ground up a near-vertical slope.

When a new Land-Rover arrives, Falklanders spend a week making it "fit for use" he told us - they alter the springs, fit tractor tyres, and so on.

Much of the gossip on the Falklands is about getting into and out of awkward spots. At this art, native self-reliance "kelpers" proved themselves considerably better than the British armed forces.

One story concerns a young squaddie going too fast who got stuck; efforts at extraction made it worse; a tracked vehicle sent to rescue him also became submerged. Eventually a Chinook helicopter arrived to suck everyone out of the mire.

The Falklands archipelago is a very large, trackless place. The two main islands, East and West Falkland, span 160 miles and are separated by a narrow sound. They lack many things most people take for granted - other people, tracks, trees, freshwater lakes.

From one side to the other, the Falklands are a windswept plain, and because the mountains are massed together, you can see for miles. Land-Rovers traverse this terrain, slithering and churning, jacked up when stuck to let them go forward.

Before Land-Rovers there were horses - and horses knew the way home. Once a rider caught in a blizzard bumped into a disused telephone pole. He tethered the horse to it, wrapped himself up, and determined to follow the pole-line next day. At daybreak he found himself one pole from home.

For most Falkland farmers, home is an island - a few corrugated buildings that form a shearing-shed, killing-shed, implement shed, drying-shed, and house - set in a sea of grass. Not far away, the ocean crashes on pebble beaches or bird-clad cliffs.

Within a few hours' drive, lurching over the "camp" (Falklanders for plain), will be the landing-strip at which all islanders act as one-man airport authorities. They talk to the aircraft on the radio, run up the wind-sock, and have the fire-engine on standby hitched to the Land-Rover. Runways are mown strips from which geese and sheep have to be cleared before anything can land.

The Falklands farming family will be loosely surrounded by thousands of sheep. The 1980s has been the decade of land subdivision, a recommendation of Lord Shackleton's 1982 report, which attempted to break up the vast estates of the absentee-owners and create



No native animals survive; cattle and goats were killed off. Today, there are thousands of sheep

Falklands Pictures

smaller units run by home-grown Falklanders.

One unsuspected result is that the plains are even emptier. The generously-subsidised owner-occupiers, suddenly finding themselves masters of all they survey, have discovered that employing labour is unprofitable. They work harder, for longer hours, and rural employment has fallen.

Of the Falklands population of 20,000, half live in Stanley. The rest are spread out in isolated pockets, encircled by the sheep, cows, horses, chickens,

sheep-dogs, and the picturesque upland geese, which stand in pairs (one white, the other cinder-red and grey) evenly dotting the landscape, and lending life and colour to the rinsed tones of the plain.

The abundant geese serve another purpose in a protein-swapping chain that, however bizarre, arises from basic supply and demand equations. Figs eat geese. "You slit them up and let the porkers do the rest," as one islander daintily expressed it.

Two farmers we visited were

shooting geese (a recognised pest) so that they could feed them to local raptors (birds of prey) to keep them off their own poultry.

Loading the back of the Land-Rover with penguin eggs is still a seasonal pastime. Easier to appreciate is the Falklands recipe for snipe: put it inside a teal duck; put the duck in a goose; and roast. The history of ecology in the Falklands is a tale of human blundering. No native animals survive. There was only ever one species, a fox-like dog

called a warrah, which was rendered extinct by people holding meat in one hand and a club in the other.

In the 18th century, the French let cattle loose; these became wild and had to be exterminated. When Darwin landed in 1854, wild cattle were the only island occupants he reported. In the 19th century goats were introduced; they also had to be killed off.

The catalogue of errors was continued with the introduction of pigs, this time with the aim of reducing the colonies of a type of petrel considered injurious to sheep farming. Sheep had put in their appearance in 1862.

Meanwhile rabbits, rats, and feral cats were doing their bit to destroy the native fauna. Direct actions by man included boiling down penguins for oil: several million went this way.

One mystery remains unanswered. The Falklands has no aboriginal people. Why? No trees to make fire, or boats? The prevailing westerly winds from Tierra del Fuego could have sailed settlers in.

The Falklands must be the largest islands in a temperate climate not to have been populated long ago. Unless, of course, a people existed there who used no stone, and left no trace. Peat covers a multitude of events. If so, the road-building that is now just beginning

should uncover something, somewhere.

Or does the tameness of the wildlife prove that there is no fear of humankind in the ancestral memory of the geese, the ducks (flightless steamer ducks paddle inshore to inspect you), the penguins, hawks and songbirds?

The Falklands is the only place where the domesticated stock - the sheep - run helter-skelter at first glimpse of man, while the wildlife closes in for a better look. A Rolland's grebe, found only in the Falklands, squinted brightly at me as I stood in the river, then swam under my fishing-line and bobbed up the other side.

Fishing-line? Of the tiny number of non-military visitors to the Falklands every year, most are anglers. Or most were anglers.

Poor catches in 1990 and 1991 slowed the trickle. The Falklands at present is almost unfished, except by locals. Which is odd, because it has the potential to be world-class fishery.

Fishing is now a service industry. It is not enough to have great rivers and bountiful fish; they have to be packaged and presented. Care must be taken of the river environment, knowledgeable ghillies provided, and anglers' comforts assured. Even on rivers which can make a fisherman

feel he is the first fisher in the world, the niceties are necessary.

The basic credentials of the Falklands are good, however. Sea trout, evolved from introduced brownies which have chosen to migrate to salt water, form shoals in the rivers from January to April.

So impoverished is the insect and crustacean life in the rivers that fish enter to spawn and depart as quickly as possible - so fish are generally fresh. While deciding whether to run upriver they move with the tide, and the Falklands' long, narrow estuaries are superbly fitted to the sort of saltwater sea trout angling which can be had in few places. Locals catch most of their fish this way and the sea trout can top 20lb.

Fishing statistics are poor fare. I offer two to give the flavour.

A fisher on the San Carlos River in six casts caught six fish of around 6lb. I saw 27 sea trout weighing between 11lb and 6lb being caught in two pools over three hours by one mesmerised fly-rodder.

As organisation improves, the Falklands will see once more those disciples of the fishing-rod, stumbling off in this remote land, with its slowly-unfolding charms, that has gone right.

Michael Wigan's trip was co-ordinated through: Go Fishing Canada, Swan Centre, Fishers Lane, London W4 1RX. Tel: 0181-742 3700.



## FASHION

## A revolutionary in the style hothouse

Alice Rawsthorn visits Miuccia Prada, who turned a sleepy family company into a fashion force



Miuccia Prada

Once, Prada was a cult-name - sought after by fashion aficionados but little known outside this hothouse world. Now, as a Prada shop opens at the end of February in London's Sloane Street, all the signs are that Prada is moving into the fashion big time.

A little boy runs into the room holding a plastic robot in each hand with threads of red licorice entwined in his neck. "Eh, Giulio," clicks his mother fondly. "Just look at him. His elder brother is so serious. He likes educational toys. But this one? All he wants is plastic rubbish."

Miuccia Prada is not the sort of woman one would suspect of having a son with a weakness for sci-fi junk and licorice snakes. She is, after all, the doyenne of Prada, the sleepy family firm that she has turned into one of the most successful forces in fashion: a by-word for modern elegance among the fashionable.

Yet Prada, 46, is not a fashion designer in the conventional sense. She does not see herself as a technical innovator or a style dictator, but as an editor assembling collections of clothes and accessories reflecting her taste for cool, comfortable modernism.

Prada's little black dresses, snappy 1940s suits and cashmere twin sets reflect her own bohemian style, which has as much to do with the Disney videos piled up beside her eau de nil ottoman as the Mario Cavallieri paintings on the walls of her Milan apartment.

Until now, Prada's British fans have had to be content with choosing from limited editions from the collection at London shops such as Joseph or Peilcano. But next week a Prada store opens on Sloane Street, where everything from its cult handbags to a full selection of its women's and men's lines will be on sale.

The Prada story started in 1913 when Mario Prada, Miuccia's grandfather, began a business making bespoke trunks and suitcases for wealthy Italian travellers. Mario was an adherent of "Stile Liberty", the Italian answer to the Arts and Crafts movement.

"He was very eccentric," says Miuccia. "If you look at his work from the 1920s, there are lots of strange images and

details. It was very adventurous for the era."

The business flourished in the 1920s and 1930s, but flourished in the post-war years. It ticked over after Luisa, Miuccia's mother, took control in the 1950s. By the late 1970s, when Luisa decided to retire, Prada was just another remnant of the faded grandeur of pre-war Milan.

Miuccia was then, at 28, an aspiring politician. She had read political science at Milan University, where she fell in with the Eurocommunists. She spent her days at political protests and her nights around Milan with fellow bourgeois rebels. Like most politically-active women of the 1970s, she found it hard to reconcile an interest in style with her passion for politics.

But she fell in with her mother's plans. All that was left of Prada by then was Mario's old shop in Milan's Galleria Vittorio Emanuele. Miuccia had no design training or technical skills, but she did have clear ideas about what she did and did not like.

"I'd always loved fashion. Yves Saint Laurent was my favourite. I wore his things all the time in the 1970s - even to political protests. People looked at me strangely when I handed out pamphlets in my expensive clothes."

Her first addition to the Prada range was a shoulder bag, made from peacock, the industrial nylon used by the Italian army, with a shiny gold chain strap that made it look like a post-modern parody of the classic Chanel bag.

"They weren't successful at first," she recalls. "People didn't understand what we were trying to do."

The bags gradually took off. Miuccia, helped by her husband, Patrizio Bertelli, added shoes, accessories and, finally, clothes to the range. Patrizio took charge of the business and Miuccia concentrated on design. She works like a French *editrice*: envisaging how each piece should look and specifying what she wants to teams of designers and production specialists.

"I've always known what I wanted. It's always been a question of persuading other people to make it for me."

Those first clothing collections consisted of a few classic pieces - cashmere cardigans, plain white shirts and nylon parkas. She then graduated to showing complete ready-to-wear collections alongside the other Milanese designers.

The Prada show is a highlight of the Milan season. Miuccia's simple, uncompromisingly contemporary taste is perfect for the easy, understated dressing of the 1990s. This winter, aided by Calvin Klein, she signalled the death of the short skirt by dropping hemlines to the knee. Her patent leather bags and snappy, military suits were must-have items.

But this spring the Prada



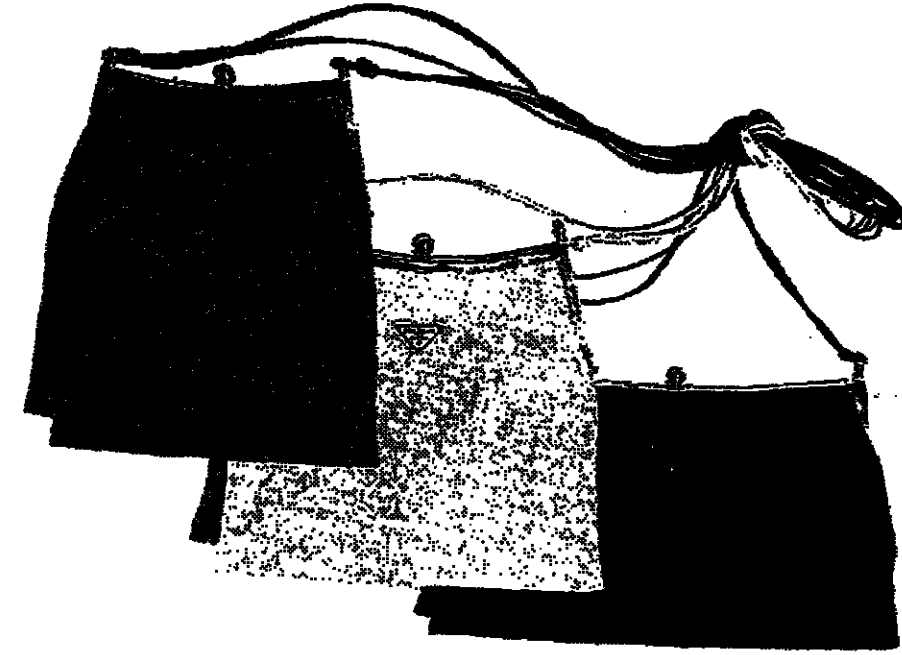
Shiny top and knee-length skirt make up the summer look



The ladylike suit, neatly belted with a skirt showing the new length



Figure-skimming, light and gauzy



For spring and summer Prada has some vital accessories: dusty pink high-wedge strappy shoe, and the handbag shape for summer in pale pastels or black

look is even stronger. Miuccia's strength as a stylist lies in her skill at blending the old with the new, which is perfect for the fusion of futurism and late 1950s glamour which dominates this season's fashions.

The key items from the current collection are likely to be the slinky satin dresses with matching *La Dolce Vita* coats, the swirling skirts and jackets with chunky industrial zips

and Miuccia's "Oooh Miss Moneybags" suits.

The essential accessories are the narrow satin belts, the strappy silhouettes with transparent ankle straps and Prada's little satin purses. These are the trophies that the fashion editors will forage for - or fight over - when they descend on Prada during the Milan fashion collections.

Lisa Armstrong, associate

editor of British Vogue, always makes a bee-line for Prada between the Italian shows.

"I love the Prada look," she says. "It's always classic, but never bland. I've bought some things there, a classic mac and a velvet tunic, that I've worn for years. It's a wonderful blend of the old and the new."

Prada is not the preserve of professional fashion fiends. Deborah Botwood Smith, head

of corporate communications for Visa Europe, shops at Prada. "The clothes are so well made. I spent a few weeks in Lillehammer last year when Visa sponsored the Winter Olympics. It was freezing. I wore my Prada parka every day. It looks good and it's warm, because it's properly lined like an old-fashioned anorak."

Susan Prevezar, a barrister,

buys Prada shoes for court - "always stylish, they never lose their shape" - and dresses pieces for evening.

The Prada style is simple, but slightly quirky," she says. "It also flatters but in a very subtle way. A Prada dress makes you feel sexy, but never babyish. You feel good because you're wearing it for yourself, not for other people."

Prada is now an interna-

tional business with 47 shops and annualised sales of over £200m. Miuccia still scrutinises each collection but cheerfully admits that she delegates most of the bag and shoe design. "Our designers are so good that they know exactly what to do."

She seems to have settled happily into life as head of the family company. The Pradas still live together in an *hôtel particulier* on the Corso di Porta Romana in Milan.

"My mother is over there," says Miuccia, pointing across the courtyard. "My brother is there and his divorced wife there." She rolls her eyebrows at the windows.

She and Patrizio live under the glazed roof of an open-plan area at the back of the courtyard. "It was a warehouse that my father built when he ran out of money in the 1950s."

Today it is a sumptuous space housing all her treasures: the Cavallieri, her Venetian glass, precious scraps of flea market fabric and bowls of roses. The blue Fiat 500 that she has driven since her early 20s is parked proudly in front.

Then there is Giulio, greedily eyeing his Disney videos. Enter Lorenzo, his elder brother, firing furiously at his mother with a plastic machine gun. This is the "serious" child? The one who likes educational toys?

"Oh no! I did say that didn't I? He's well so he does - just not today!"

## Full hearts and full tills

Judith Gubbay explains why shopkeepers love Valentine's day

What is your notion of the ideal St Valentine's Day? A morning when half a dozen cards replace the usual bills on the doormat? An evening in which you can expect to exchange thoughtful surprise gifts with your live-in partner? Or the blessed relief of 24 hours when nobody so much as whispers the word "romantic"?

If you are in the third category, you are not alone: 68 per cent of adults questioned in the week after last year's

schmaltzy season claimed they had not marked the occasion in any way. Most of the other 32 per cent had sent or handed over at least one Valentine's card (27 per cent). The second most popular romantic gesture was flowers (6 per cent) chocolates (4 per cent), a meal (2 per cent), cuddly toys (1 per cent).

followed by perfume/after-shave, underwear, and treating them to a holiday or weekend break.

There is, of course, a fourth reaction: from those people whose businesses receive a heartening boost. The Valentine's Day industry is worth an estimated £25m in cards, and a further £22m in flowers and plants. The Post Office estimates it will handle about 10m cards this year, while a BT survey shows that one adult in five is planning to give his or her love a ring (by telephone, that is).

The jewellers are happy too. Brian Wentworth, of Boodle & Dunthorne, says: "Valentine's day is the most important occasion for selling real jewellery after Christmas and birthdays." He says there is a move away from heart-shaped items towards gold eternity rings and pearl and gold designs.

John Donald, a designer and goldsmith, says: "Romance is still alive in the City. It is mainly men who buy Valentine's presents. They may choose from the existing range of jewellery, but often prefer to commission a special item."

Florists - with their seasonal stock-in-trade, the long-stemmed red rose - face the greatest pressure. Seven million red roses are to be sacrificed to the demands of lovers on February 14.

Angela Henderson of Interflora estimates that 90 per cent of the floral gifts sent or given for Valentine's Day will include at least one red rose.

However, "younger people are starting to choose bouquets with lilies or white tulips instead of red roses. They are more fashionable, and tulips do mean red-hot passion in the language of flowers, after all."

Interflora has a hand in more than 500,000 Valentine's day orders - and that excludes all the locally-ordered flowers through Interflora member florists, not to mention the

flowers-direct postal delivery services. Each year more women send flowers to men than ever, but they still add up to just 10 per cent of senders. Some 60 to 65 per cent of Valentine's day cards bought are in the "I love you, and therefore I am sending you a card," category says Ray Cousins of the Greetings Card Association. In other words: "You know it's from me, even if it isn't signed." Mostly they are from wives to husbands and vice versa, and they are likely to be in the higher (£1.25-plus) price range.

The rest of the market is split between people who are not in a relationship, but are sending a genuinely anonymous card in an attempt to start one, and those who buy six to eight low-price cards and scatter them around to irritate and embarrass. One in 10 in the survey claimed they had sent two, three or even four cards: multiple card sending was particularly popular with 16-to-24-year-olds and unmarried people, but it was the no-longer-married who were most likely to gladden the greetings card industry's heart: 23 per cent of widowed, divorced and separated people said they had sent two or more.

It is possible, however, that not all the cards are declarations of romance: Clintons

cardshops already stocks "Valentine's Day Greetings to my Daughter" while a 1995 newcomer is a "Happy Valentine's Day from your cat".

Chocolates are a Valentine's day speciality. Thorntons, which has 550 chocolate shops, expects sales to triple compared with the average week. For Thorntons, Valentine's day is the third biggest season, after Christmas and Easter. The company expects to sell 75,000 of its £2.99 milk chocolate heart-shaped plaques.

For the doyenne of lush lingerie, Janet Reger, Valentine's day is also a big day. Takings are three times more than in a normal week. "A man may buy a £20 G-string or spend thousands of pounds," says director Alice Reger. "You have to be buying just one item from us, but then there are the flowers, and the special dinner, and



"When you have received a letter you first of all sit down, cutting open the envelope is done slowly and resolutely, as though diffidently raising the lid of an enchanted chest," wrote Karel Capek quoted in *Love Letters*, An Anthology of Passion, £14.99, Weidenfeld & Nicolson. The painting is by Albert Watson

all the other treats."

John H, a retired company director, agrees. He believes in making the romantic most of the occasion: "You start with the flowers, and the really special way of putting your message across - like an antique Valentine card - and you finish with the champagne in bed."

You'll enjoy doing all the preparation, and then you can both enjoy the results together. It's fun to be on the receiving end of a wittily-executed Valentine's gesture, as successful thirtysomething journalist David D agrees: "Deborah made me a whole pink dinner one year. There were king

prawns and salmon, followed by a heart-shaped fruit mousse, served on a pink tablecloth with pink candles. By a happy coincidence, I had brought her a bottle of pink champagne (as well as a bunch of red roses). She'll have to wait and see what I'm going to do for her this year!"

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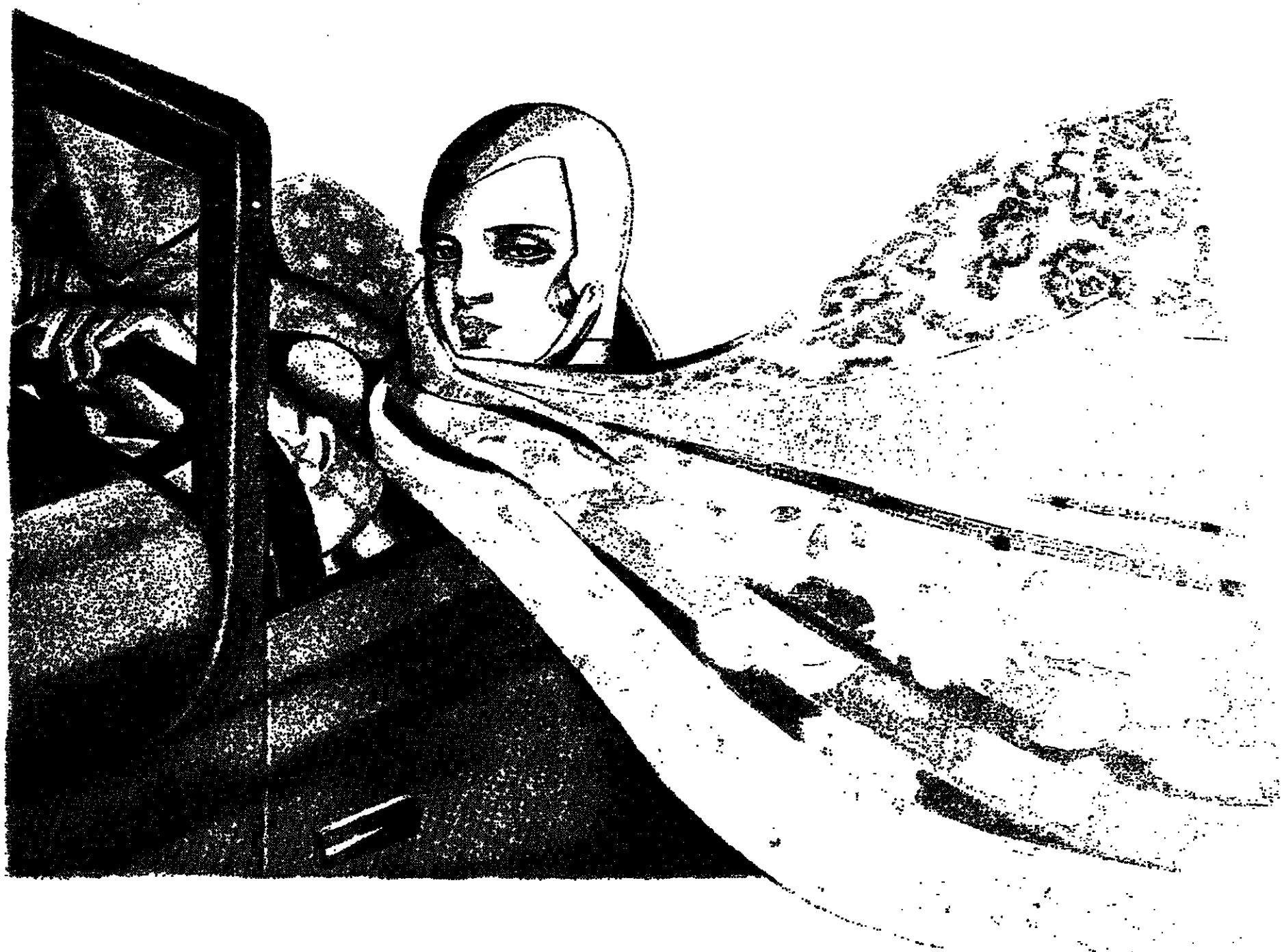
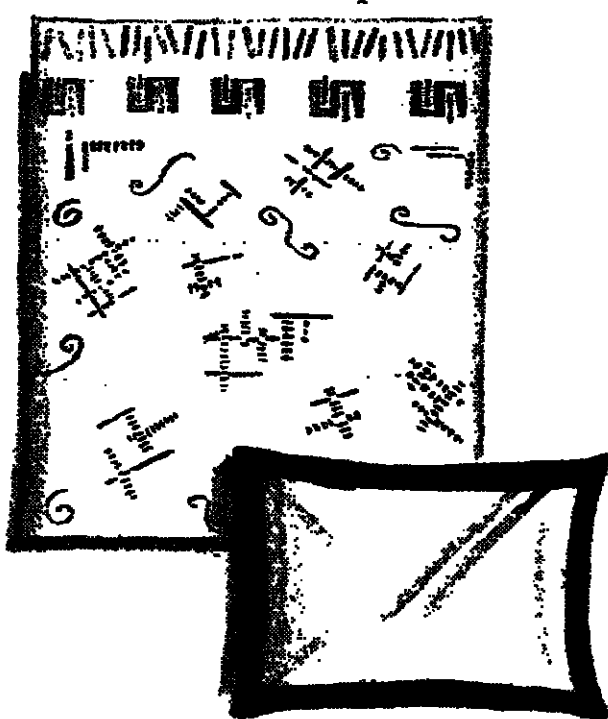
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# HOW TO SPEND IT

## Liberty gives its divisions freedom and love

Lucia van der Post on exciting days at one of Britain's quirkiest stores



For some time the delicate antennae of London's most fervent shoppers have detected that something interesting is underway in the retailing world. Until recently, if asked to name their favourite department store they would have plumped for Harvey Nichols but in recent months there has been a growing sense that Liberty is where the excitement is.

Liberty has always had a quirky personality born of its complicated roots in the British arts and crafts movement and buccaneering trade with the east. This is why down in the basement there are oriental carpets and exotic eastern treasures brought back from epic journeys, while up on the fashion floors sit incongruously ladylike blouses in Tana lawn and shawls in old-fashioned Liberty prints. In the furnishing fabric department there are pretty rose-covered chintzes sitting beside Indian crewel-work.

As a certain eccentricity, or element of surprise, seems to be essential for successful retailing, Liberty has always held a special place in the hearts of the British. Nevertheless it is no secret that its financial performance over the last three or four years has been what Richard Stewart-Liberty, one of two members of the founding family on the board, describes as "flat".

The mix had remained too static, the quirkiness out of tune with the times, almost perverse. The woman who bought an Issey Miyake dress on the rejuvenated fashion floors was unlikely to be interested in the Liberty scarf on the ground floor. The man who came to Liberty for his relaxed designer wear wanted something more contemporary in his home than eastern artefacts or British arts and crafts.

Something had to be done. The strategy adopted is fascinating because it is in complete contrast to the usual strategies adopted by retailers in distress - instead of ration-

alising and centralising and cost-cutting, the board decided to go in for derationalising.

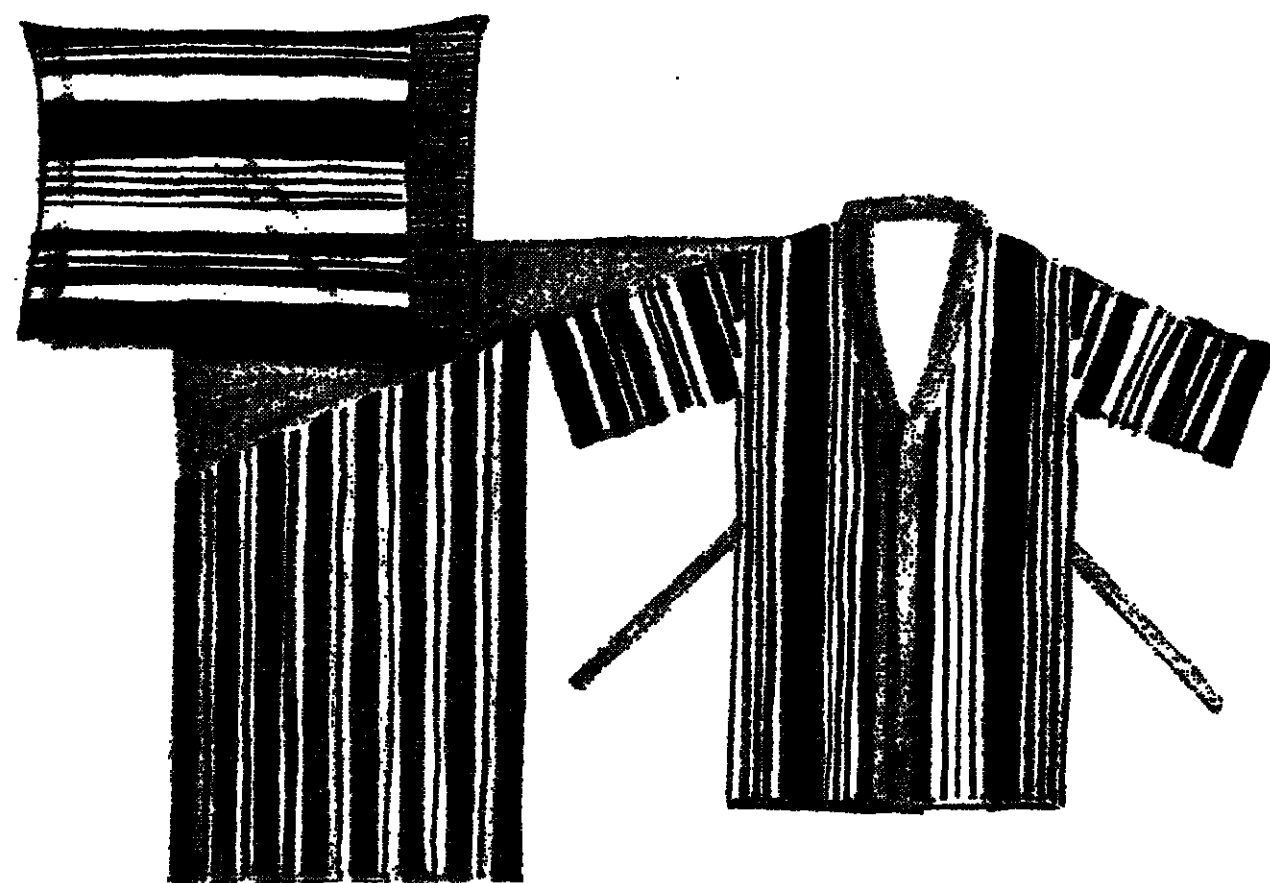
It felt that certain precious bits of its business, which had always been crucial to its success, had not been given the love and care they deserved. These would be split into little groups and given their own teams who would cherish them and nurture them in the way that no large, overall central body ever could.

Stewart-Liberty was put in charge of one of the most important of the new ventures - the development of Liberty's own brand products which could be wholesaled all over the world. The aim is to build the Liberty name into an international luxury brand. At the moment it is the smallest and youngest of the company's divisions, providing a mere 5 per cent of its turnover, but it should double in size this year. Patrick Austen, the chief executive, hopes it will eventually deliver a significant proportion of the group's profits.

Liberty wants all its own brand products to be inspiring ("unless we can define a point of difference with what is already on the market we will not have the ability to build on that brand," says Austen). British, eclectic, inventive and able to be sold internationally at the highest level.

For, as Stewart-Liberty puts it, "Liberty is the bones of a worldwide business which as yet does not have enough flesh. We aim to see the bones very well-covered. After all it is a name that almost everywhere in the world stands for something."

Scarves, a quintessential Liberty product, were the first to receive care and would seem to meet the brief triumphantly. Quincy Leon, the designer in charge, has produced a ravishing collection of scarves. When Liberty took the collection to Prêt-à-Porter in Paris the stand was besieged by luminaries from the fashion world (Paloma Picasso, Kenzo, Rive Gauche, Lalique) asking either to buy in the scarves or for the



designer to create a special range for them to sell under their own labels. Quincy's aim was to produce "scarves to kill for" - scarves with a feeling of craft about them. "After all, much of our history lies in cloth and textiles." These scarves are not cheap - they are made in finest gauzes, in silk matelasse

(gauzy silk with fine patterns cut into it), in georgettes with subtle jacquard patterns. For next winter there is wool gauze backed with chiffon, velvet devoré, or velvet in rich Byzantine colours with generous pompons at the corners. They retain the air of handmade, hand-crafted items which represent a lot of what

Liberty stands for.

Liberty learns from its own fashion department. There, Tom Morgan has doubled his business in the last 2½ years. He discovered that his customers looked for the unique and the different.

Now, the customer who comes to buy from the adventurous and directional collections by designers such as Issey Miyake, Callaghan, Martin Margiela, Jean Muir or Vivienne Westwood will find that there are scarves that

First off the Liberty Brand Products' drawing-board is a collection of ravishing desirable scarves (above) which go on sale on February 16.

Illustrated above from top to bottom are: Odile, chiffon-bordered matelasse silk, in seven colours £135; Claire, silk georgette jacquard, long scarf in seven dusky pastels, £125; Marguerite, silk gauze in four colours, £115; Glida, silk gauze with floral pattern, in four colours, £115; Seagren, silk georgette jacquard in four colours, £125. The bed linen collection will not be on sale until mid-July.

Left: 100 per cent yarn-dyed shirting is used for a kimono (£35), duvet (£32 for a single, £42 for a double and £53 for a king size). Pillow cases, £11.50. Above left: The blue and white collection comes in many weights and variations. Illustrated here is a fine organdie embroidered and appliquéd bedspread (£70 for a single, £80 double and £95 kingsize). The blue-edged pillow case is £45.

match their high aesthetic standards. Liberty will discover just how successful the range will be when it goes on sale on February 16 in Liberty and at specialist fashion boutiques and good department stores across Britain.

Lots of other ventures are already under way. The gifts division also comes under

Stewart-Liberty's Liberty Brand Products umbrella and so does a home division where Nicky Leshorel has made an adventurous start by developing a bed linen collection which goes by the name of Zizz. The finished products will not be on sale in the store until mid-July. It looks exciting.

"Because Liberty is traditionally a cloth company," she said, "I have paid a lot of attention to the feel of the linen. I've started by developing a small collection of basics into which we can build more fashion-conscious designer elements later on."

"I wanted to create the feel of a collection of bed linen that people might have collected through the years. There are very few colour groups - mainly blue and white, grey and white and a warm, terracotta - but within each colour group there is a great deal of variety and choice which should allow people to play with the individual elements and create schemes of their own."

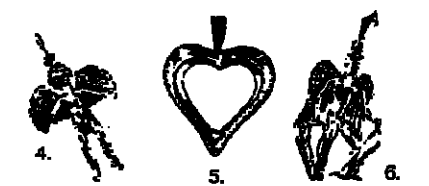
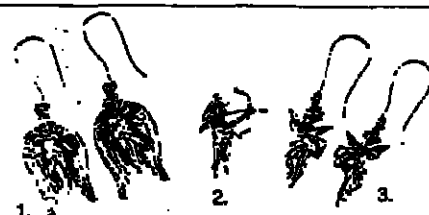
Liberty Brand Products office is buzzing - Richard Wood is doing beds to set off the bed linen collection, a casting of Michelangelo's statue of David is being chopped up to make vases or containers under the direction of Nigel Coates, meta-work from India is coming in, demountable upholstery is being experimented with, pieces of fabric and samples are everywhere. But if I were you, I would hurry for the scarves.

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## FOOD AND DRINK

# To decant or not to decant fine wines

Edmund Penning-Roswell considers the controversial question of how to serve your burgundy or claret

I do not recollect, when in Italy, ever being served fine old wine in a decanter. But in Bordeaux, with its British and Irish associations, one of the wines that I count among the finest clarets I have ever drunk - Lafite 1875 - was served from an English claret jug.

Elsewhere in France, including Burgundy and the Rhône, it is very rare. A leading Beaune merchant once told me: "My grandfather would have beaten me if I had decanted one."

Red Burgundy has less tannin and sediment than red Bordeaux and, on one or two occasions in London when I drank a decanted bottle and a non-decanted one, the latter had a little more nose and freshness. But then in Burgundy they

tend to have large, often oversized glasses that "air" the wines.

The proclaimed reason for decanting is to remove the sediment. The amount varies considerably - a young claret may have as much or even more than an old one. I am inclined to believe that a basic Cabernet-Sauvignon wine (in the Médoc and Graves) may have more than the Merlots of St Emilion and Pomerol.

The other purpose for decanting is to give the wine light oxidation by which the bouquet and the flavour can fill out. But how long does this mean before the wine is served?

Last year, the 11 premiers grands crus de St Emilion held a dinner in London at which their excellent 1982s were served. I asked M. Valette at

my table how long beforehand did he decant his Fave at home. Two hours, he replied firmly.

More recently, when visiting several Bordeaux châteaux, I asked the same question and the answer was generally "1½ to two hours". But one respected proprietor said "up to 12 hours".

In Baron Philippe's days at Mouton-Rothschild, the clarets for dinner were stood up in the morning. They were decanted, including very old wines, by Raoul Blondin, the maître-de-chai, before he finished work for the day at 6pm to 6pm for a dinner that never started before 9pm.

The decanters, closed with straw stoppers, had very long necks for ease of pouring between those seated at the dinner table and were designed by Baron Philippe.

Personally, I would be a little scared to decant even fairly old clarets - say 1961s - as long beforehand as that, and with substantially older bottles I would be inclined to decant just before serving, and to follow younger wines. Otherwise, because of other preparations, I must admit to decant often not much above half an hour before a meal.

It is uncommon to decant white wines, and German wines never, for if a dry white is circulated in a decanter for a second time around the table it is likely to become too warm. However, there is a good case for decanting a Sauternes or other sweet wine, as this enables it to develop the bouquet and luscious flavour.

Vintage port should always be decanted because of the heavy sediment, but the decanter of sherry on the sideboard for drop-inners has vanished; for sherry suffers from too-long exposure to the air.

HOW TO DECANT: The traditional way is over a lighted candle, but if the bottle is dark, it is necessary to put it so near the flame that the wine may be over-warmed or the bottle might crack. If no electric light is available, a vertically-placed torch will do. Just as well.

Red wines look best against a white cloth - not so common these days - and the bottle



Decanting a bottle of Bordeaux in the traditional manner, at the Boot and Flogger wine bar in Red Cross Way, Southwark, London. Trevor Humphries

should also be on the table to inform visitors of the name. If two or more wines are to be served from similar decanters, these should be marked, otherwise it is all too easy to confuse them.

A decanter on the table adds something to its decoration and sense of occasion. I am inclined more than once to decant all fine red older wines

(except Italian for no definable reason) of more than a dozen or so years in age.

Old decanters are often less expensive than expected, and the plain, three-ringed neck "Classics", dating from 1810 to 1830 or so, are admirable, but cut-class should be avoided, as the colour of the wine is refracted. An old decanter also adds to the occasion.

Most of the wine merchants who specialise in vintage wines list decanters. These include: Adnams, of Southwold, Suffolk (bottle-size £25.70 - magnums £41); Berry Bros and Rudd, London SW1 (bottle-size £23.35 - magnums £28); claret jugs £31 and £38) Corney & Barrow of London ECI (£43.55 for claret jug bottle-size £25 - magnums £27).

## Lunch for a Fiver

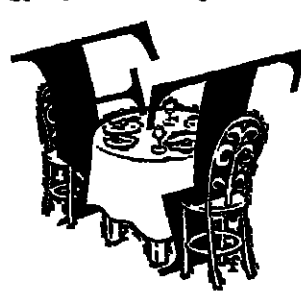
Can 200,000 FT lunchers be wrong? That is the number who have enjoyed the 1995 Financial Times lunch promotion over the past two weeks and their obvious enjoyment has not been lost on the 300 restaurateurs who have taken part.

Throughout the past fortnight, the FT's telephone chasers have been calling restaurants early every morning (before the reservation lines get busy) to check availability of tables for the following day and to find out whether restaurateurs are keen to continue the FT menu at their chosen price level.

The good news is that many are planning to do so and any reader keen to repeat an enjoyable FT lunch during the rest of this month should keep a copy of the complete restaurant listing and call the restaurants directly.

A comprehensive round-up of all that this fortnight has produced in terms of fun, sales, anecdotes and lessons for the restaurant-goer and the restaurateur will appear in the Weekend FT on Saturday March 4 with the names of our competition winners.

However, even at this stage, it is possible to see a difference between the original 1993



Lunch for a Fiver promotion and its 1995 successor.

Two years ago, Lunch for a Fiver was a ray of sunshine in the middle of the recession, an excuse to lunch in spite of the economic gloom.

For restaurateurs it was a sharp reminder that their pricing structure, which had surged ever upwards during the 1980s, had lost touch with their customers' wallets. In the 1990s the emphasis has to be on value.

Many restaurateurs have followed these lessons diligently. But the impact of the 1995 promotion has shown how sensitive many restaurants' lunch trade is to marginal pricing, particularly during the quiet February period.

By expanding the lunch, from £5 to £7.50 and £10, the FT has allowed many restaurateurs to reach a market they never thought was there.

The Hole in the Wall, Bath, instead of serving a £12.95 business lunch menu to 12-15 people has been serving a £5 menu to 40-50. In West London, Rose Gray, chef/proprietor at the River Cafe, was still in her kitchen last Friday at 5.30pm, saying that she had cooked 120 lunches that day instead of the usual 40.

The pattern has been repeated throughout the country. Annie and Germain Schwab, who run the Michelin-starred Winteringham Fields, Humberstone, summed it up for many: "This promotion has been a great learning experience for us. In the past we have always steered clear of anything that smacked of 'we're having a hard time and are desperate for anything that comes our way'. But this fortnight has brought us the business customer who thought we must be horrendously expensive and they have all been pleasantly surprised to learn that our normal two-course lunch menu is only £12.50. We feel sure that as a result of this FT promotion, our lunchtime business will be hotting up."

Nicholas Lander

### LAMELOISE AT THE SAVOY

London's diners will have the opportunity to sample the food of celebrated French chef Jacques Lameloise this month when he cooks at the Savoy Hotel.

It is the first time that the Savoy has invited a guest chef and Lameloise has been lured from his three Michelin-starred restaurant in Chagny, Burgundy, from Monday February 20 to Thursday February 24.

As a special offer to Weekend FT readers, the first 20 who book the Lameloise menu for lunch or dinner at the Fiver Restaurant will be offered a complimentary bottle of Joseph Falvey white or red wine. (Only one bottle per reservation regardless of size of party.)

Lamelose will be offering a £37.50 set four-course luncheon, a £45 dinner menu and an eight-course menu dégustation for £85. Dishes on the £37.50 menu include: ravioli of Burgundy snails in a garlic bouillon, fillets of lamb with fresh herbs enrobés in rice, and chocolate terrine with an orange marmalade.

A selection of cheeses will be served from maître fromager Claude Arthès. Take the opportunity to sample the L'Épousées de Bourgogne, an AOC cheese which is sensational. Coffee and petits fours are included.

The offer applies only to the Lameloise menus - not the regular Fiver Restaurant menus offered by chef Anton Edelmann - and readers must quote the FT offer when making a reservation.

■ The Savoy Hotel, 1 Savoy Hill, London WC2. Tel: 071-836 4343.

Jancis Robinson, the Weekend FT's wine writer, won the André Simon Memorial book fund award this week for *The Oxford Companion to Wine* (OUP, £30, 1,088 pages).

Already regarded as a standard reference work, the book is in its third printing and won Jancis the £2,000 top prize.

In a successful evening for the Weekend FT's food and drink team at the awards ceremony in New Zealand House, Haymarket, London SW1, Edmund Penning-Roswell was short-listed for his history of *Château La Tour* (Seagrave Faulkes, £150, 572 pages).

Winner of the food book award went to chefs Simon Hopkinson and Lindsay Barrham for *Roast Chicken and Other Stories* (Ebury Press, £18.99, 230 pages). Jill James

■ Waitrose has just taken delivery of what would make an excellent house white, for the next few months at least while it is still bursting with fruit. Le Puyet 1994, a Vin de Pays du Gers at £2.99, shows that Gascony is fighting back at the tidal wave of inexpensive Colombar now being shipped in from South Africa.

Jancis Robinson

■ Talking of which, Thelema continues to produce some of the best value fine wine from the Cape. According to John Platter's newly-published *South African Wine Guide 1995* (Mitchell Beazley, £8.99, a symbolic and detailed addition to its pocket wine guide range), Thelema's Gyles Webb was asked the price of three of his bottles by a rather grand French visitor, Aubert de Villaine, of Burgundy's fabulous Domaine de la Romanée-Conti.

"No charge. I'll swap them for three of yours," ventured Webb. Even Khrushchev, the former Soviet leader, failed to wrinkle a free bottle out of Romanée-Conti, it is said, so it is hardly surprising that this gifted but relatively debutante South African wine producer failed too.

Thelema's first vintage was 1987, but the wines on sale at Oddbins Fine Wine Shops in



Contestants in the coffee competition

Tony Andrews

### Appetisers

## Prizes for FT duo

London, Edinburgh and Glasgow are well worth the £7 to £8 being asked. These wines would make an excellent introduction to the South African wine industry's exciting new era.

■ So you like architecture and cakes? Then pop along to the Royal Institute of British Architects' centre, in Portland Place London, W1, where the Patisserie Valerie has opened a café on the floor of the grade II listed building.

Breakfast, light lunch and tea will be served and, if it ever stops raining, seating will be available outdoors this summer in the sculpture court.

All architecture centre exhibitions are open to the public - and free. For inquiries ring 0171-584 5533.

JJ

■ A practical accompaniment to last week's review of the latest New York restaurants is Eric Asimov's *Guide to the Best Inexpensive Restaurants in New York* (HarperCollins, £7.50/£10, 224 pages).

### BENGAL CLIPPER BY THE RIVER

At Butler's Wharf, Tower Bridge, exceptional Indian cuisine in a magnificent environment enhanced by live grand piano every evening. This large and stylish restaurant has just been acclaimed as one of 1994's best. For a reservation, please call:

071 357 9001. Corner Shad Thames/Curlew Street, London SE1.

Two sections which might prove the most useful to any traveller are entitled "Eating in Museums" (although it omits the new and fascinating T - the tea salon/restaurant under the Guggenheim Museum, SoHo) and "Eating Cheaply in Fancy Restaurants" which shows how with New York gall, you can share a dessert in an expensive restaurant to keep the bill down.

NZ

■ How do you serve, politely, hot espressos and cappuccinos to 3,000 concert goers during an interval of no more than 20 minutes?

That is the challenge facing the Aroma company which, this month, won one of the new catering contracts at London's South Bank Centre.

To find the company's fastest cappuccino makers, the management held London's first Coffee Olympics at its HQ in Camden Town, north London. Initially, 10 teams of two had to handle orders involving serving 18 different coffees to a queue of 20 customers. The teams had to greet, explain and thank all customers, serve the drinks and take their money. The winning team, Raika Cook and Jeanelle Bull, took 4 minutes 30 seconds to do this.

In the individual event the winner was Tino Voultaine who, in 3 minutes, made 13

cappuccinos, took the cash, gave change and served five other coffees from the jug.

Aroma's presence is part of a reorganisation of the South Bank's food and wine - I must declare an interest since I am the South Bank's consultant - which has for the first time introduced internal competition to the site. Sutcliffe Catering manages the bars, the Festival Buffet and Riverside Café. A new restaurant, The People's Palace, will open on March 16 to be managed by Joe Levin of The Capital Hotel, London SW3 with television chef Gary Rhodes.

Nicholas Lander

■ Next month Paul Merry leads more baking courses for groups of five or six in his house, the former Black Bull pub, in Kirkcaldy, near Perth.

Learn bread-making principles, how to bake with leavens and sourdoughs, aspects of fermentation and hone your practical skills in moulding, shaping and proving.

Weekend courses, including tuition, materials, Saturday night accommodation and meals, including dinner, costs £199. One-day courses cost £95, both include VAT.

For details, contact The Village Bakery, Melmerby, Perth, Cumbria. Tel: 01768-881515 or fax 01768-881848.

### Cookery / Philippa Davenport

## Pick the cream of the crop

It may be the Irish blood in me but I have a hearty appetite for the potato. Not for any old potato, mind you. And certainly not for a solitary diet of The Lumpers, the only kind of potato, indeed the sole food so it is said, on which many of the Irish poor subsisted before the blight and famine of 1845.

The pleasure for me lies in variety and in choosing the right potato for the right dish: super-waxy, fine, firm, smooth, floury or deeply mealy. Many of my favourites are old ones - La Ratte, Kerr's Pink, Dunbar Standard, Pink Fir Apple, Catriona, Belle de Fontenay, Scottish or Irish golden Golden Wonder, Jersey Royal and Record.

Nostalgia may play some part in my choice but these are potatoes of character, not bland; and I favour a fair number, rather than just one or two, to avoid monotony and for fear of putting all my hopes in one basket.

The women of ancient Peru had the right idea. They gave prized potatoes as bridal dowries, handing them down from mother to daughter; and they sometimes planted as many as 50 different sorts in a single field, for the sake of varied eating and to guard against devastation by pest, disease or adverse weather conditions.

How very different from the Irish situation of 150 years ago. How different too from the current British situation. You would have thought we would have learnt by now that diversity is vital in combatting disease, and that monoculture is an invitation to epidemics. Yet something like two-thirds of the earlies and half of the main crop potatoes grown commercially in Britain are accounted for by just three varieties each.

Loyal troops are, however, fighting the good fight for the spud. Spearheading the campaign are Alan and Jackie Gear who run the Henry Doubleday Research Association. Their right-hand man is Dr Jeremy Charles, head of genetic resources.

He is aided by scientists at Coventry University. Together the team is building up (by means of micropropagation) a potato library of more than 200 varieties, a fair number of which will be available to gardeners each year through the research association's heritage seed programme.

Thus a wide ranging bank of potato genes will be kept alive for future research and devel-

Potato Day and the Henry Doubleday association will be open to the public that day from 10am until 4pm. There will be talks, tastings and discussions with plant breeders, gardeners and other experts. Scores of potato varieties will be on display, including some very rare ones. There will be a potato lunch. And the opportunity to buy seed potatoes to grow at home - 60 different kinds.



LATKES This recipe comes from Lindsey Barrham's splendid compendium *In Praise of the Potato*. Delicious with a crisp green salad for Sunday supper, or, as she suggests, with cold meats, soured cream or a tart apple sauce.

1 lb potatoes; 1 small onion (optional); 2 tablespoons matzah meal or self-raising flour; 2 eggs; oil for frying.

If using an onion, grate it. Then grate the potatoes. Rhize the potatoes, drain and dry them. Mix the potatoes, onion, flour and beaten eggs to a batter, seasoning with salt and pepper.

Heat ¼ in of oil in a frying pan. Drop about 1 tablespoon of the mixture per latke into the pan. Spread the mixture quickly into thin rounds with the back of the spoon and cook for a few minutes on each side until crisp. Drain and serve piping hot.

■ The Henry Doubleday Research Association is at Ryton Organic Gardens, Ryton-on-Dunsmore, Coventry CV8 3LG. Telephone: 01203-305517. Fax: 01203-639223.

There you will find a dozen or so different sorts of potato on sale at any one time - sold by named variety, with notes about their taste, texture and uses. Usually more than one kind is organically grown.

Last February, the association celebrated potatoes by hosting a special open day, an occasion I enjoyed to the hilt. Next Saturday is designated

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## TRAVEL

# Luxury and safety taken on board

Charles Batchelor looks at the \$7.5bn flotilla of new liners which is under construction at shipyards around the world

Three swimming pools, one of which is the largest ever installed in a cruise liner, menus created by Anton Mossman, and an art collection which will include seven specially commissioned sculptures. P&O Cruises' *Oriana* will represent the latest in cruise liner luxury when it comes into service in April.

But the *Oriana*, designed to provide round-the-world cruises, will not be ahead of the game for long. The growing popularity of cruises has meant that a flotilla of new liners - 30 in all, with a combined value of \$7.5bn - is currently under construction, or on order, at shipyards around the world.

At just under 70,000 tons and with room for just under 2,000 passengers, *Oriana* is the largest vessel in the P&O fleet but she will soon be overtaken by two 77,000 ton liners the *Dawn Princess* and the *Sun Princess*, due to come into service in late 1995 and 1997 respectively.

An even larger vessel, the 100,000 ton *Grand Princess*, designed to carry up to 2,600 passengers is also for delivery in 1997.

The cruise companies are responding to rapidly growing demand which saw nearly 300,000 passengers from the UK in 1994, an increase of 15 per cent on the year before. This figure is expected to rise to 700,000 passengers by 2000 while the dominant US cruise market is expected to show similar rates of growth to 8m passengers by the turn of the century.

Passengers who sign up for a cruise aboard the *Oriana* will no doubt be drawn by the glossy brochures illustrating the luxury of its 900 cabins, the 110 state rooms, the six lounges and its dance floors. They will pay less attention to the efforts which have gone into making the vessel a safe, as well as a relaxing, ship.

These include a computer-controlled safety management system which can reconfigure the ship's complex ventilation system to contain the smoke and heat from a fire, still one of the greatest threats to a vessel at sea.

An on-screen display allows the captain and the ship's safety officer to monitor the development of a fire and alert other crew members.

"We have anticipated a lot of the regulations which are due to come into effect later in the decade," said Richard Vie, P&O Cruises' technical services manager. Low level lighting, similar to that now required on aircraft, has been installed directing passengers and crew to safety exits, should smoke obscure the normal lighting.

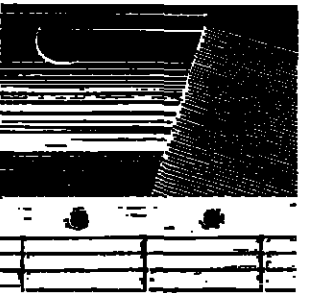
A cruise should provide the ultimate form of holiday relaxation. But two recent incidents involving cruise liners have

raised concerns about the safety of passengers.

The fire which destroyed the *Achille Lauro* in the Indian Ocean last December highlighted the vulnerability of cruise vessels, in spite of all the efforts which have been made to improve fire control measures.

The temporary detention of the newly refurbished *Queen Elizabeth II* in New York harbour by the US Coast Guard because it failed to meet US fire rules emphasised the sensitivity of the safety issue.

The safety record of the cruise industry is good, but many of the vessels are extremely elderly. The International Maritime Organisation, the UN agency charged with regulating ship safety, is engaged in a long-term programme to tighten up the rules.



CRUISING  
Safety

At the same time, the related issue of the security of passengers and their protection against a possible terrorist threat, has become a significant concern of the US authorities.

This was triggered by the hijacking of the *Achille Lauro* and the death of a passenger in 1985 and acquired renewed topicality last year in the wake of other more recent terrorist incidents.

The rescue of nearly 1,000 passengers aboard the *Achille Lauro* with the loss of just two lives can be seen as a success for the life-saving procedures aboard the Italian-owned vessel.

But the incident did highlight the vulnerability of older vessels to fire and the risks of transporting large numbers of people, many of them elderly, across distant oceans. In spite of the efforts of the crew, the fire continued to blaze on the abandoned vessel and it sank while under tow to Kenya.

The loss of the *Achille Lauro* is still being investigated by the Italian authorities. Their inquiry will look closely at the effectiveness of the fire precautions on the ship, which was built in 1947 and refurbished in 1985.

The standards of fire safety aboard passenger ships, which include ferries as well as cruise liners, are currently being upgraded following a fire

aboard the *Scandinavian Star* in April 1990 which cost 158 lives. The vessel, a ferry, was en route from Norway to Denmark when the blaze occurred.

This programme requires a progressive implementation of tighter rules agreed within the International Maritime Organisation. It started in October 1994 and will run through to 2010.

The IMO has been criticised for the time taken to upgrade ship safety but it points to the need to obtain the agreement of its members to amendments to the rules and the time which is then required for national governments to implement the changes.

"Work is going on all the time but it is unfair to expect shipowners to change every few years," said Roger Kohn, IMO spokesman. "Many cruise ships are very old and it was felt we could not have gaps between the standards applied to new vessels and the older ones."

Walter Welch, director of marine services at the UK Chamber of Shipping, said: "There will be a significant improvement in fire protection when the new regulations are applied retrospectively to existing cruise ships."

The IMO regulations are aimed primarily at bringing older ships up to the standard of the most modern vessels but even the newer ships are not without their problems. A popular design feature of modern cruise liners are large, open public areas. These require special protection by elaborate fire detection and sprinkler systems.

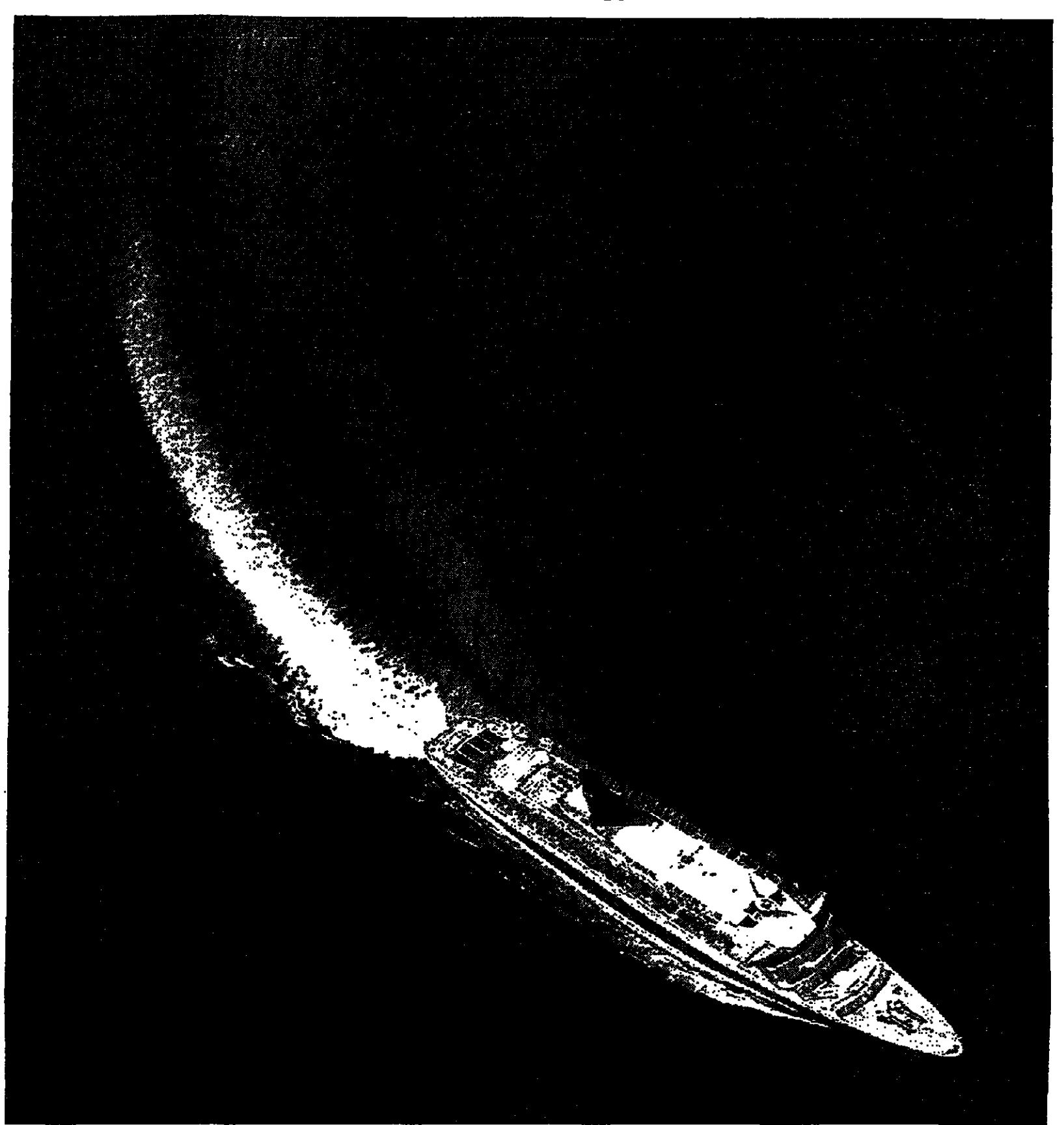
The problems encountered by the *Q&Z*, fresh from an extensive refit at a German yard, were unusual but with potentially serious consequences. The *Q&Z* sailed from Southampton with a large complement of building workers still attempting to complete refurbishment work.

The liner left with the blessing of the UK Marine Safety Agency but was detained in New York by the US Coastguard, which was unhappy with the building materials which were blocking passageways and impeding a rapid evacuation.

Cumard, the vessel's owner, denied that safety had been jeopardised but the coastguard would not let the vessel sail until the work was completed.

With a significant part of the world cruise industry dependent on vessels based at US ports, the US Coastguard plays a significant role in the regulation of safety standards in the industry. It is the coastguard which is currently seeking to implement tougher security standards to reduce the threat of a terrorist attack.

The International Council of Cruise Lines, which represents 24 companies accounting for 90 per cent of world cruise capacity, believes that the measures



The Q&Z will soon be facing stiff competition as cruise companies respond to rapidly growing demand

proposed last year by the coastguard are too rigid.

The council, which has its headquarters in Washington DC, wants a more flexible arrangement with procedures designed to respond to the perceived level of the threat.

"The present proposals require 100 per cent security at all times," said John Estes, president of the council. "We

are convinced that that would not be effective. You have to alert people for specific reasons and then phase down. You cannot have people on alert all the time."

The council proposes a three-tier system of response. The first level would exclude unauthorised visitors and require passengers to use their tickets or boarding cards as identity

cards. Passengers would be screened by metal detectors and ships would be required to appoint a security officer.

Level two would apply when there was a medium risk of attack. This would require passengers to have photographic identification and involve searches of at least half the passengers coming on board

and their baggage. Level three, in response to a high risk of attack, would require checks on all embarking passengers.

Other commentators are also sceptical of the need for such far-reaching measures. "These proposals would slow boarding," said Alec Binley, of the London-based International Chamber of Shipping. "There may be up to 2,000 people com-

ing on board a cruise ship compared with 300-500 on a jumbo jet."

The cruise lines, whose vessels serve ports around the world, are also keen that regulations should not be introduced on a country or regional basis. "It is important that security measures are co-ordinated internationally," said Estes.

## Music makes a happy sailor

Claire Frankel finds caviare, champagne and concertos a perfect cure for sea sickness

Cruising was never my shik. While others were enraptured by the sparkling sunset dancing on the waves, I was busy clutching a rail or sleeping off the dramamine - getting there was never half the fun. But I am now a devoted sailor, happily striding up the gangplank with the sure knowledge that the next 12 days are going to be spectacular.

This turn-about has nothing to do with a new wonder drug, but everything to do with music. Consider this: I am curled in a cushy, brown leather barrel chair in the Grand Salon of Costa-Paquet line's flagship, *Mermoz*, listening to Mstislav Rostropovich rehearse Bach's Suite No.3. Trill windows on either side of the room reveal a smooth Mediterranean glistening in the sunshine. At the far end of this floating concert hall stands a long mirrored bar, ever open to one's quenching needs.

I'm encouraged to be a part of "Slava's" musical decisions, his judgment to interpret a phrase *molto agitato* or *andantino*, to improve a trill almost imperceptibly, in fact, to be an emotional participant in the making of wonderful music.

The Music Festival of the Sea is a magical odyssey which sails from Toulon at the beginning of September. It uniquely combines the finest musicians with exceptional French cuisine and tours of interesting ports of call. Of course the usual cruise activities are all available on board, such as shopping, table tennis, bridge, swimming, movies, gambling and gossiping, but the consum-

ing passion is music. Rehearsals and concerts - as many as three a day take place on board or at some exotic venue on land; plus the enviable possibility of chatting informally, around the pool, at the bar, at lunch or dinner with one of the other passengers who might just happen to be the conductor of the Sinfonia Varsovia or a superb violinist, soprano or pianist.

A typical day at sea might start with breakfast in the cabin or in the glass-enclosed top deck called the Lido where a large buffet awaits. Most passengers arrive here wrapped in their cotton robes (supplied), later hunching outside by the pool. From 10am the Grand Salon gradually fills with musicians and passengers for the daily rehearsal. You come and go quietly, read and listen, have a coffee or a bloody Mary, take a few pictures. Or you may choose to attend a morning lecture in English or French, either about the port to be visited or about music.

Last year, Misha Donat, head of Chamber Music for BBC Radio 3, talked and interviewed musicians for the Anglophones. At one of them, Donat discussed Mozart's antipathy to the flute. A quiet voice from the back of the room inquired: "Then why didn't he write The Magic Oboe?"

After a buffet lunch, you may take the afternoon excursion (air-conditioned buses and guides await), or choose to read and eavesdrop around the pool ("I didn't recognise her - her hair was blonde last year" or "Chopin would have

applauded Lively's playing last night"), leaving the ship later for the private concert on land in some exotic location, Delphi, or Naples' charming old Mercatante Theatre.

My bridge foursome snuggled into a quiet room just off the Grand Salon and as we started dealing, the Takacs quartet came in to rehearse. What a combination!

On some days at sea, a 5pm concert is scheduled, leaving

From 10am the salon fills for daily rehearsal. You come and go quietly, read, listen, have a coffee or a bloody Mary

an hour afterwards to race back to the cabins to dress for the 7pm concert before dinner. Of course, you can try off but then you might miss something sensational.

Two dining rooms take care of the 373 passengers and 79 musicians - 22 nationalities were aboard. Four of the evenings at sea are formal occasions and for each of them a specific colour is requested - ladies are advised months ahead. Many, particularly the French, sweep into the salon with just the subtlest pause at the entrance; one should not miss the matching hardware from the ship's safe. A really grand time to ogle.

Cabins are no better than adequate but the food is wonderful. Chef Jean Louis Abauzit, for 37 years on the music cruise, says that this is the most deluxe for Paquet. On board are 3,000 bottles of champagne (if you are unhappy with what is poured, just ask for Dom Perignon and you will have it), 70kg of caviar, 110 of foie gras - you get the picture. In fact, by the end of the cruise, what you'd really like is a cup of bouillon and a boiled egg - without the egg.

The genius behind the musical cruise is amateur pianist Andre Borocz who, after running successful festivals in Aix-en-Provence and Menton, proposed the idea to Paquet. He finds the musicians; his wife, Jacqueline, co-ordinates the organisation.

Last year the *Mermoz* ventured out of its usual Mediterranean route, making stops in Morocco and Madeira before returning to Spain and home to France. For those who, for example, were not interested in touring Marrakesh, a later bus brought them, in time for lunch - from pigeon pie and couscous to every known meat, fish, veg and fruit - at the Hotel Mamounia. The private concert was held in the courtyard of the opulent Palais Layard. All went beautifully until the muezin sounded loud and clear. The Takacs Quartet could only pause, smile, shrug and continue with Mozart.

A small panic went through the ship when it was learned that Paquet's ships, the *Pearl* and the *Mermoz*, had been sold to the Italian line, Costa. But fear not: Mr Costa, on board last year for his first musical

cruise, said that all of his other ships are for the mass market - he has just ordered a new one capable of taking 2,300 passengers - and Paquet will be his quality line. Until the end of 1997, when an international safety convention takes effect, no changes will be made.

Prices, ranging from \$4,500 to \$7,500 per person in a double cabin, give pause even to those with healthy wallets, although this includes everything except end-of-the-cruise tips. Fifty per cent of cabins for the 1995 cruise were sold by the time the ship had docked back at Toulon.

A traditional anecdote - it may be apocryphal - has it that a woman who had been on the cruise 15 times was asked what she really liked about it. She replied that her bridge partner was superb, the ambience suited her perfectly and the food was lovely. But the music, came the query, how about the music?

"Oh," she answered, "it didn't bother me a bit."

**Musicians on board in 1998:** Piano, Evgeny Kissin and James Vassary; Violin, Salvatore Accardo and Shlomo Mintz; Viola, Yuri Bashmer; Clarinet, Paul Meyer; Flute, James Galway and Emmanuel Pahud; French Horn, Barry Tuckwell; Contrabass, James Bowman; Ensembles, English Chamber Orchestra, Fine Arts Quartet and Classic Bunkers.

**This year's itinerary, September 1-15:** Toulon, Nauplie (Greece), Heraklion (Crete), Kas, Antalya (Turkey), Naples, Genoa, Toulon. For further information, telephone Costa/OCCL on 0171-723 5557, fax 0171-902 0490.

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P & O CRUISES



## TRAVEL

Amid the dug-out canoes, bumboats and sun-blasted wooden ferries crowding the jungle port of Manaus, Brazil, a sleek white ship of unimaginable luxury, the *Seabourn Pride*, was leaving on a voyage along 1,000 miles of the caramel-coloured River Amazon.

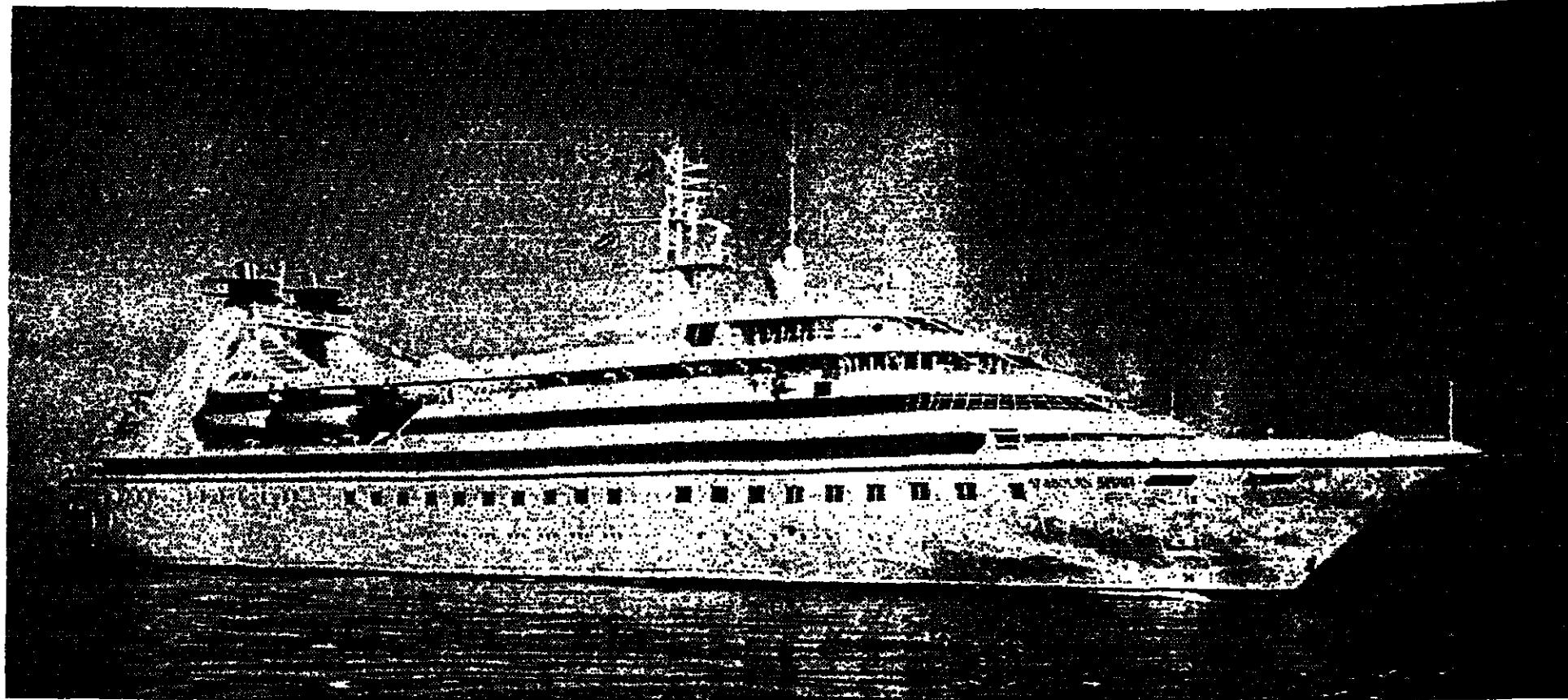
This tiny ship, which carries only 200 passengers, and her twin, *Seabourn Spirit*, have set new standards for cruising since they were launched in 1980.

For the third year in succession, readers of *Traveller* magazine have just voted *Seabourn* the world's best cruise line. These are ships for people who could certainly afford their own yacht but who do not want the bother. It is a case of "If you need to ask the price you know you cannot afford it."

But, since you ask, it costs from around \$1,000 a day for each person.

Going on board at Manaus, in the fabled rain-forest climate, the *Pride* breathed refrigerated elegance. A glass of champagne in one hand, I was led across marble floors down pastel-carpeted corridors to my suite. (Nothing as mundane as a cabin on this ship.) A vast space "doubled" by judicious use of mirrors, and containing a fit bed, sofa, a coffee table that became a dining table when you wished to be à deux, desk, bar filled with crystal glasses and several bottles of "free" liquor of your choosing, a television and video recorder. The "porthole" is a lift picture window. The marble bathroom boasted twin basins, a full-sized tub and next door, a walk-in dressing room furnished with hanging rails - vital for those (and there were many) who changed four times a day.

Leaving Manaus gave us a dramatic view of this exotic city. In the 1800s, when almost all the world's rubber came from the Amazon, it grew into an opulent boom town with broad tree-lined boulevards and vast colonial mansions. The famous Teatro Amazonas, the replica of La Scala, built in a jungle clearing, still stands today. It has been beautifully restored as a testament to that golden era. Now the city is largely a throbbing slum, a jumping-off point for trips up and down the Amazon in varying degrees of excitement or discomfort. (The favourite



The *Seabourn Spirit*: chilled champagne, marble floors and dinners à deux, should you desire

## VIPs of the Amazon jungle

Catherine Stott passes through another more primitive world while sitting in the lap of luxury

costs \$100 for 10 days, sleeping in a hammock on the deck of a ferry - that would buy you just 2½ hours on the *Seabourn Pride*.)

To enlighten us about the ports of call on our 16-day voyage, we had an "enrichment" lecturer, Captain Loren McIntyre, who, 43 years an Amazon explorer, discovered the river's true source in a Peruvian mountain lake, which is now named after him. No better guide could have been found. His lectures were a superb preparation for a journey through the last great wilderness on earth - a virgin jungle the size of Europe.

Sometimes the River Sea, as the native Indians call the Amazon, was so wide you could see neither side. At other times you could almost reach out and touch the rain forest. We British had prepared for our motorised canoe trips and

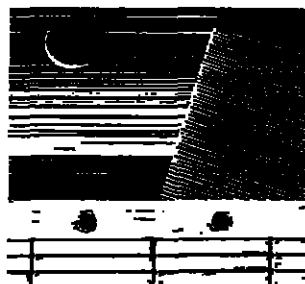
jungle walks with malaria prophylaxis, insect repellent and protective clothing.

The normally paranoid Americans were shorts, took no medication and, dammit, survived unscathed.

It seemed quite extraordinary to be gliding along through the jungle in air-conditioned splendour when a few feet away there were snakes that kill in seconds, Indians with poison darts and, beneath us, deadly fish.

We clambered into motorised canoes to explore the spinach-green waterways of the Anavilhanas jungle archipelago, passing the primitive settlements of Caboclos, riverside peasants of mixed Portuguese and Indian blood who live either in stilted villages or aboard rafts.

Their lives are divided by the climate - when the mid-year rains come, the forest is more than 50ft under water.



CRUISING  
Luxury

Footpaths become waterways - you paddle your canoe above the treetops. Where birds flew, fish swam.

Landing in December, the low water season, we visited what is arguably the world's most oddity hotel - the Arian Jungle Tower, a tree-top

lodge with dizzying 63ft high stilted walkways above the rain-forest canopy, from which you look down on rare orchids, green monkeys and brilliant macaws.

The same evening we anchored in mid-stream and were taken to a bone-white river beach for a barbecue of freshly-caught fish. When it poured with rain they gave us each a plastic bag to sit in - making dancing hilarious when the salsa band arrived by canoe.

Those from the pampered oases of Beverly Hills, Scarsdale, Park Avenue and Park Lane revelled in the very mild discomfort of these forays, ever mindful that soon they would be returned to the sylvan cocoon of a five-star plus ship.

It cannot be easy to stock a ship for a jungle cruise but the chef performed like a magician, conjuring up oysters, lob-

ster, caviar and designer salads from who knows where. The food was perfect, the service caring beyond belief (the entire staff memorised your name within two days). And for those on a romantic sojourn it was a delight to have dinner in one's suite, each à la carte course arriving with immaculate timing.

River cruising is never boring. Sitting in the top-deck Constellation Lounge with its wrap-around view, over an ice-drink, gazing through binoculars was perfect. The life of the river bank came alive.

Shore excursions were particularly well-chosen. Docking at nightfall at Parintins, the folk-love capital of Amazonia, we went by school bus to a "Boi Bumba" carnival; several captains of industry shed their inhibitions on the dance floor after a couple of local fire-water cocktails and danced

entranced with the feathered, bejewelled local beauties.

Our fellow passengers were industrial strength capitalists, enviably elegant, witty and knowledgeable world-travellers. American, German, Swiss, British, Australian (Oddly, the finest suites were occupied by Ecuadorians.) There was a large and affluent gay contingent from all nations who quickly got together and held the best (we hear) cocktail parties.

Several riverside villages welcomed us with dancing and gifts of feathered-necklaces, memorably at Alter da Chao, an idyllic spot on a palm-fringed lagoon ringed by thatched, stilted houses.

Passengers jumped at the chance to attach morsels of best fillet steak to strings to catch deadly piranhas (we threw them back). The riparian life was timeless: water buffalo

lined the banks, dogs and toddlers frolicked in the tea-brown waters, green parrots dive-bombed us, floating laundrys bobbed past. Manioc root was pounded with piranha flesh, the staple diet.

Aboard, there was a fair amount of "what plane do you fly" one-upmanship, and which addresses in Palm Beach were "below the salt," but it was for the most part good-natured and amusing badinage.

My vote for the best overheard bitchy comment came from a Manhattan attorney, to his wife: "I'm not dining with her again, she's had a charisma bypass. Triple."

At Monte Dourado, where the late Daniel K. Ludwig's dream Jari Project churns out 753 tons of wood pulp a day, we raced in motor canoes for two hours through matchless jungle scenery, transferring to wooden paddle steamers which went aground during our luscious picnic. When the wine ran out on ours, the waiter, appropriately named Bacchus, jumped into the piranha-ridden waters and, with his tray held high, swam to the next motorised craft for reinforcements. A hero.

The ship spent the last two Amazonian days cruising the Brevia Narrows, slim jungle channels of harrowing solitude with a mile between each waterside home. Children circled the ship in their dug-outs frantically waving at this astonishing craft passing so close to them.

Then it was out into the Atlantic and a non-call at Devil's Island because of stormy weather... clever of Papillon to have escaped from there in those seas. (River cruising makes you forget that water can be rough... we had a fairly vivid passage thereafter to Antigua. St Thomas, the Grand Bahama bank and into our disembarkation port of Fort Lauderdale.) We had sailed 4,000 miles in extreme comfort, had quite enough adventures for the rich and timid and learned, I hope, how the Amazon functions. Quite unforgettable.

■ Catherine Stott was the guest of *Seabourn Cruise Line*. *Seabourn Pride* will visit the Amazon this month, next month and in November and December. A 14-night cruise costs from \$2,500 per person including the flight to or from Manaus, all Amazonian excursions and gratuities. For brochures and reservations call 0171-390 4417.



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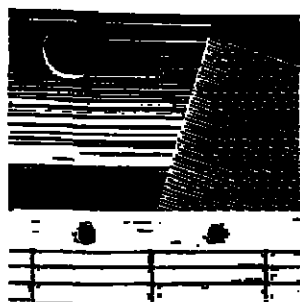
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## TRAVEL

## Under sail on an antidote to civilisation

James Henderson joins Club Med I, visiting some of the smaller Caribbean islands while indulging in a surfeit of watersports and good food

CRUISING  
Sailing

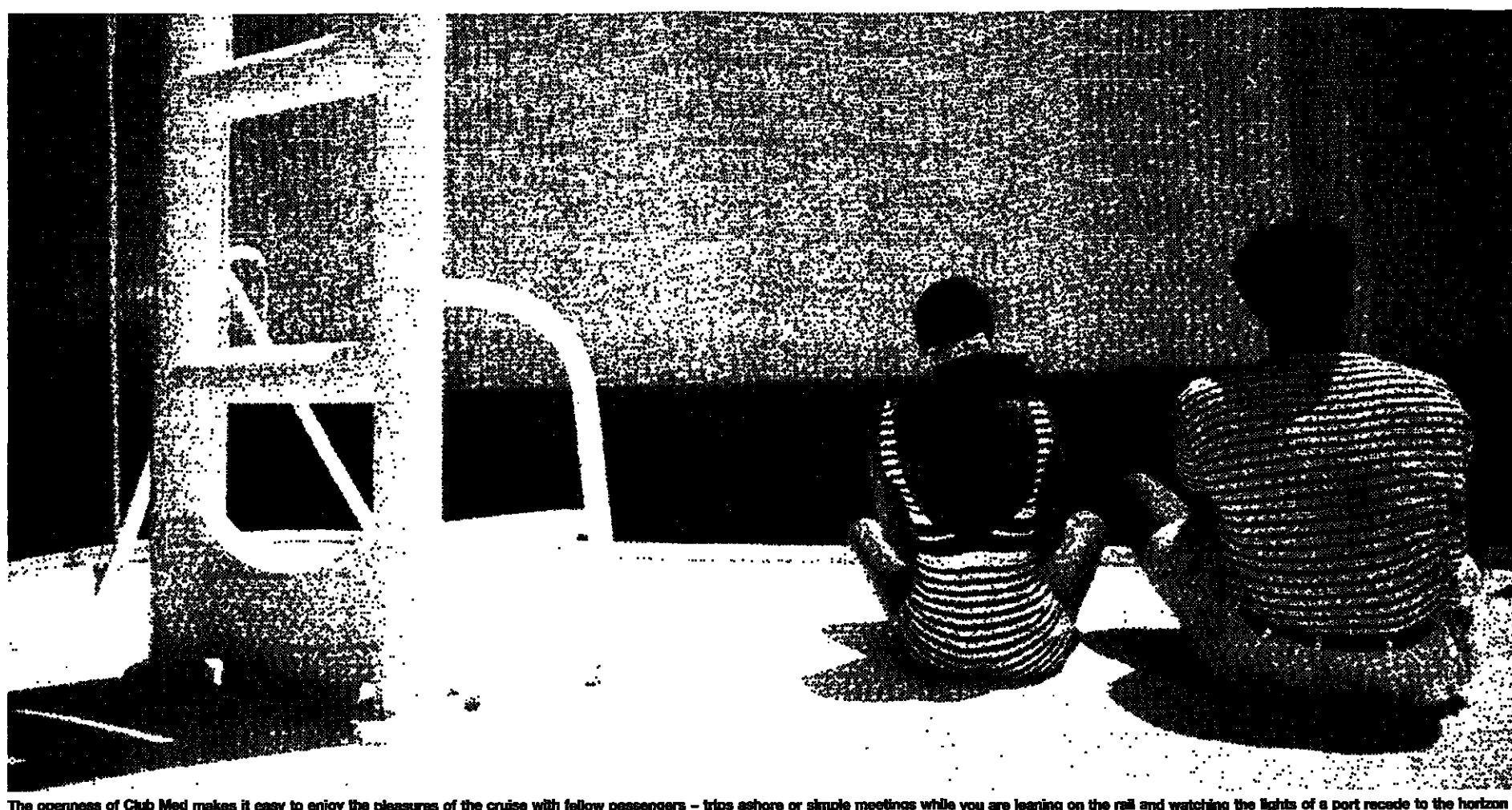
I thought I might be keel-hauled or made to walk the plank if I was caught reading a book on the Club Med yacht. But such preconceptions are blown away – quite easily when you are in the tropical sun and under full sail (nearly 3,000 sq yds of it), with a horizon of Caribbean islands and nothing to worry about but which windsurfing sail to try, and whether to have dinner à la carte.

Club Med I is the largest sailing yacht in the world and it cruises the Caribbean islands in the winter months. It is a magnificent five-masted ship with fully computerised sails, decks laid with teak, two swimming pools, two restaurants and a watersports hall.

But even as the world's largest yacht, Club Med I (with a maximum of 400 passengers) is still small in comparison with most Caribbean cruise ships (which take 2,000 passengers in some cases) and so it has the advantages of intimacy and a more flexible itinerary.

The Club Med formula is still not that well known in the UK – you might have been persuaded to join a French friend in a Club Med Village, or discovered with relief the benefits of an all-inclusive package when the children's watersports bill became so huge – but Club Med still has difficulty shaking off the image of an up-market butlers.

Of course, you will be left alone if that is what you want, but all the essentials of a holiday are there in the setting.



The openness of Club Med makes it easy to enjoy the pleasures of the cruise with fellow passengers – trips ashore or simple meetings while you are leaning on the rail and watching the lights of a port recede to the horizon

the activities and the entertainment.

You, the GMs (*Gentils Membres*) are shepherded gently through all the activities by GOs (*Gentils Organisateurs*), tanned and pretty young things each one of them.

As the name suggests, they are there to organise you and they will always offer a cheery good morning if you catch their eye, but it is by no means intrusive. They are a hard-working and dutiful bunch and they lay on the nightly entertainment – cabaret and variety shows.

On board, I opted for a diet of intensive watersports, and so my hang-out was the Hall Nautique, a fold-out watersports platform that emerges

at the stern of the ship (the sort of place that James Bond might pop up at any moment).

Here I was helped finally to tame a windsurfer by the compact and sinewy Bruno and had a brief and unsuccessful flirtation with waterskiing under the care of the redoubtable Parisienne Catherine. Scuba-diving was under the tutelage of two cool Canadians, Jonathon and Vincent.

In order to combat the effects of the other diet (the food on board Club Med I is excellent) I also put in a little time in the weights room, on an exercise bike with a view, guided and advised by the huge Ludovic, or Monsieur Musculation.

For a sailing ship (between 20 and 30 per cent of its power is generated by the sails), Club Med I gives a remarkably smooth ride. It does not even list. The effect of a keel is created by the ship's 187-metre length and it is kept steady by ballast. I saw the GOs teeter on stage only once during the whole week.

Club Med I is one of a number of smaller cruise ships which have appeared in the Caribbean over the past few years. Like the Windstar series (which look remarkably similar but have about 150 passengers) Club Med I and Club Med II (which cruises the South Pacific) were built in Le Havre. The two Club Med ships

have only a five-metre draught and this means that they can reach waters that the larger cruisers cannot and so there is access to isolated beaches not usually available on Caribbean itineraries.

There have been some changes in bringing the Club Med plan on board. The old egalitarian spirit of the original Club Med (post-war tents at the seaside and self-made entertainment just after the war) has really passed now.

Over the past 10 years the company has diversified and the villages are now categorised. The Club Med yachts are at the top of the range.

The atmosphere on board Club Med I is a little more formal than in the villages, and the average age a little higher, though it is still less formal and senior than on other cruise ships (where it is often the rule to dress for dinner).

"On se vomme", to the chagrin of long-time Club Med goers, who have come to expect the intimacy of the *tu* form. No children under 10 are allowed.

For an organisation that once called itself "the antidote to civilisation", it is all pretty sophisticated. The only time that it tips into hi-de-hi is during the hand-clapping at the introduction of the GOs and at moments during the entertainment when they sing the Club Med song.

But the traditional openness of Club Med makes it easy for you to enjoy the pleasures of the cruise with fellow passengers – largely protracted dinners, trips ashore, or simple meetings while you are leaning on the rail and watching the lights of a port recede to the horizon.

Here, the captive audience has an advantage over a more traditional hotel-based holiday, even in the Caribbean. There is a fairly international clientele (as with the GOs, who seem to come from most European countries), but it helps to speak French.

It takes a few days to get to know the ship and I kept discovering new areas on board,

each one marked by its own GO. I stumbled by mistake into the boutique (not a usual hunting-ground of mine) and met a couple of faces I recognised from the nightly shows. Quite by chance, I discovered the masseuse.

But most revealing was Denys, the lyrical cold buffet chef, who talked longingly about the cuisine of the Jura and his philosophy of the palate.

Happily, Club Med I tends to avoid the larger Caribbean ports of call, which on a bad day tend to be overrun with lobster-red long distance shoppers exercising their credit cards.

The islands it does visit tend to be smaller and to have a little more Caribbean charm – Boguila and Carriacou in the Grenadines, Jost van Dyke in the Virgin Islands and the Saints off Guadeloupe.

I never really did meet the GOs in charge of on-land excursions, which for some are a significant part of cruising life, of course. I was still giving my feet second degree burns on a windsurfer.

As for being forcibly joined in, there was not really any group activity, except perhaps aerobics (never again).

In the end I quite enjoyed the shows and seeing the GOs I had come to know performing some unlikely routines.

The chef de village could turn in a mean Charles Aznavour, but my favourite was the unlikely sight of an Impish Bruno (windsurfer) and the hulking great Ludovic (musculation) in tutus, doing their version of *The Nutcracker*.

I even managed to finish a couple of books while on board.

Club Med I cruises the Caribbean during the winter months (November to mid-April), following four different itineraries, and then returns to the Mediterranean during the summer.

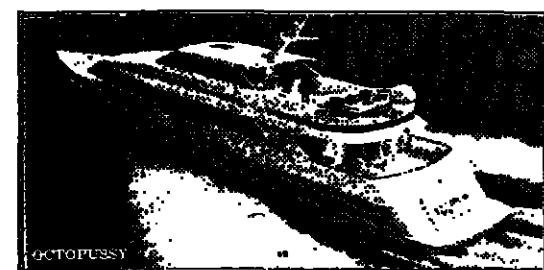
Club Med II sails year-round in the South Pacific, around the islands of New Caledonia and Polynesia. Details through Club Med, 106-110 Brompton Rd, London SW3 1JJ (Tel: 071-581 1161).

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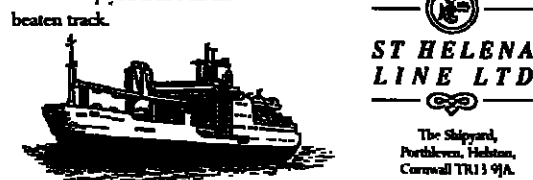
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## TRAVEL

# Caviar on the barrier reef

Catherine Stott reached parts of Australia that even Australians rarely reach on a small, elite ship

Surfing through a sea of cruise brochures, a particular voyage occasionally leaps off the page at you, like this: "Spice Islands, Northern Australia and the Great Barrier Reef with new year's eve at the Sydney Opera House."

Knowing that *Song of Flower* is the least pretentious, most charming of the "boutique cruises" - ships carrying no more than 200 - we claimed the last available cabin on this exotic cruise.

All flights, shore excursions, tips, wine and an open bar were included - plus an initial three nights at the Regent Sydney and two at the Grand Hyatt Bali, as a grand finale.

Flying into Sydney from Beverly Hills, Melbourne and, yes, Pinner, the 150 passengers met for champagne before a grand new year's eve dinner and fireworks at the glorious opera house.

This was an unprecedented introduction to a cruise, in my experience.

After two euphoric days in Sydney, we flew to tropical, dropical Cairns, to sail up the coast of Far North Queensland, where the rain forest comes down to meet the Reef.

Anchoring next day off swanky, yachtie Port Douglas, a 90-foot catamaran whisked us over to The Low Isles, sublime palm-fringed atolls on the inner reef, for a seven-hour South Pacific idyll of coral-viewing by glass-bottomed boat, scuba diving or snorkelling, or a beach walk with a marine biologist for the non-aquatic.

Lunch was an orgy of oysters and lobster smoothed along with chilled South Australian Chardonnay.

Thereafter, *Song of Flower* took us to parts of Australia that Australians rarely reach: for example, Cooktown and Cape York - only 100 miles from Papua New Guinea - and across the Top End to Darwin.

Generally, the more remote and challenging a cruise's destination, I find, the more stimulating are the passengers.

This voyage was a fine blend of antiques experts, lawyers, bankers, writers, publishers, and even a beautiful Californian avocado planter who snorkels the reefs of the world with her son.

Cooktown can only be reached by four-wheel drive or by sea but it merits many more tourists than it receives. Australia's first British settlement, Captain Cook beached his damaged ships there for 48 days in 1770. In the gold rush of the

1880s, 30,000 people lived there, patronising 94 pubs and as many brothels. Today, there are 1,300 people and three pubs. The time-worn main street is pure late-Victorian stone grandeur. Even the "grocery shop" is a National Trust Listed building. The bank has no security screens. With only one dirt road out of town there is no escape.

Our outback guide, whose boots had snake-proof canvas puttees sewn on to them, caught and ate flying green ants: "Bite it before it bites you... tastes like citrus."

The outback pub we were taken to was straight out of *Crocodile Dundee*. Packed with gloomy, red-eyed Aborigines

and bizarre "ferals", once-civilised men who had "gone bush" with wild eyes, long hair, and matted beards. They sat drinking Riesling on the rocks into oblivion.

"The Lion's Den" sported cobwebs 130 years old, jars of snake on a cracked wall, and a bunch of landlubber with a broken arm. Steer skulls hanging from the rafters recalled the drought-thin animals on the parched cattle stations outside. Lunch was a "barbie" in the burning hot bush which consisted of meat pies and sausages and freezing beer.

A day at sea in tropical sunshine was a chance to appreciate *Song of Flower*. Tropical best describes the ship. The staterooms are not vast but well-fitted. There are acres of closet and drawer-space, which is sensible since dressing-up is much encouraged. In 11 nights, three were formal.

The food could not be faulted even by the choosiest of gourmets. Hors d'oeuvres might be carpaccio, prosciutto or lobster (always caviar as an alternative). Main courses were of fresh grilled fish, rib of beef, duckling with chestnuts or king crab with many choices. Sorbets and petits fours followed with superb coffee.

Most palatable white and red wines were offered at lunch and dinner: French, Australian, Californian, Italian. You could of course pay for even finer wines if nothing pleased you.

A breathtaking put-down occurred when the avocado planter, offered a wine from Robert Mondavi's not inconsiderable vineyard, snorted: "We don't drink Mondavi, we cook with it."

Unlike some of the elite, tiny ships, there was rather ambitious evening entertainment, cabarets, illusionists, singers... and a discreet gaming room.

In the day-time, Professor Geoffrey Blainey, of Melbourne

University and a well-known author, lectured us brilliantly on Australia's history, its future as a possible republic and the Aboriginal question.

But it was the service that made the cruise so special. The officers are Norwegian, the cruise staff English and the waiters European and all set out to spoil you - in a way that is gratifying when gratuities are included in your fare.

Anchoring off Cape York, the very tip of Australia, we were looking at one of the world's last great wildernesses, cut off except by sea during "The Wet".

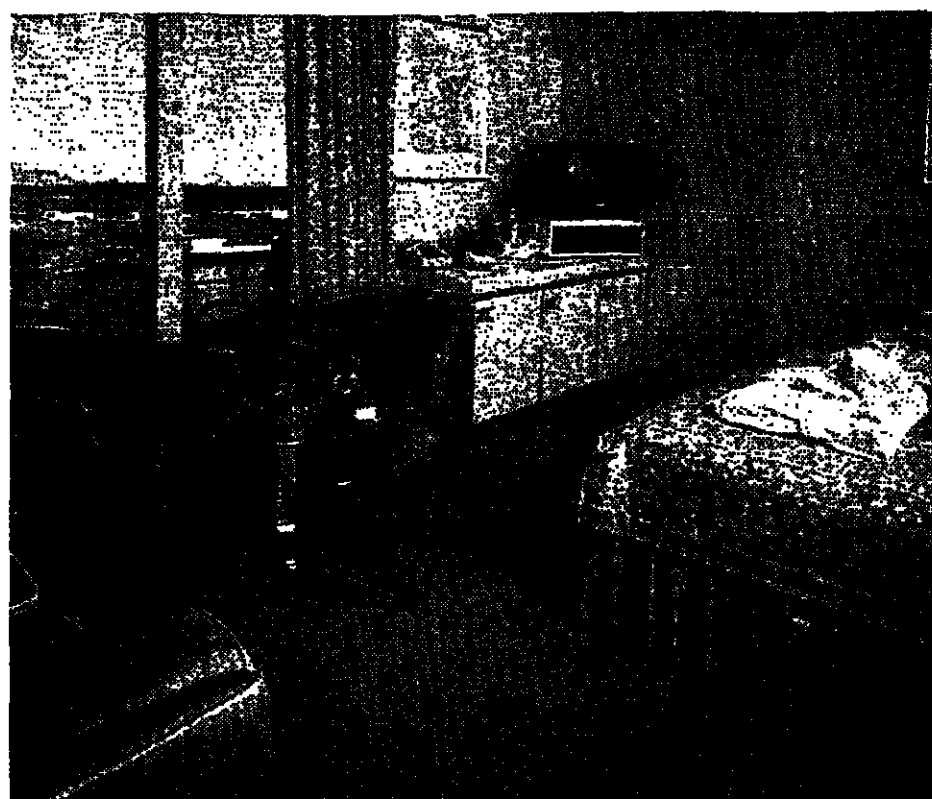
The landing we were to have on shore was also to be wet as the ship's tender could not go up on the beach and we had to walk the last few yards through the water.

All of us were issued with a pair of "panty-hose" to encase our legs against the killer sting of the box jelly-fish.

Consternation. Do you put them under or over your trousers?

"Have you seen the size of my hubble's thighs?" bemoaned an Edna Everage. "He won't get them on." With death the alternative, he did.

Stumbling wetly ashore in astounding heat we made our



Comfortable cabins on a voyage that attracted a fine blend of antiques experts, lawyers, bankers and writers

way to the Palfinka Wilderness Lodge, owned now by the Injoo Aboriginal Tribe for a "Kup Mari" feast where the meat is baked underground.

A sign read: "Beware of the estuarine crocodiles that inhabit these waterways." Baked croc perhaps? Or merely goannas?

We stuck to oysters and crab at the pretty jungle rest house. On the rain forest walk, it rained. And rained. And rained.

Darwin, Professor Blainey told us, is nearer to Djakarta than to Adelaide. You are only a true "Territorian" if you have stuck the fella climate for more than five years. No wonder it has the highest per capita consumption of beer than anywhere in the world.

A cursory tour of the city showed two malls, a television station, and little else as we sped alongside mangrove swamps and 20ft termite mounds to the Adelaide River.

There we boarded a boat and pretty girls flung lines from the top deck attached to pork bones that stirred 90-year-old crocodiles to rear out of the water and grab them. An angry spectacle. Our grub shipper pointed out Hannibal, an ancient male who eats the

female while mating. Terrific. The low-spot of my trip. A further reptilian encounter was a morning on Komodo, home of the eponymous dragons - man-eating prehistoric lizards six long. I confess I ducked the spectacle of them tearing apart a sacrificial goat.

"How was it for you?" I asked my husband. Echoing Lord Curzon when first he saw Lake Geneva he replied: "Ghastly, perfectly ghastly."

Bali was a revelation. Wetter than wet in January it was still possible to divine a land of terraced emerald green rice fields climbing blue mountains. A whole day farewell tour showed us an island of unimagined beauty. The temples, the carvings, the works of art. Hotels of great luxury, such as ours: The Grand Hyatt, at Nusa Dua.

■ Catherine Stott was the guest of Radisson Seven Seas Cruises. The fare per person in a double cabin starts at £4,597 for a 16-night fly-cruise including all flights, hotel stays, gratuities, excursions, drinks and taxes.

Further departures on this itinerary will be in November 1995. For brochures and reservations call 0171-387 9062.

## Where to find the discounts

Once the preserve of the rich and aspiring, cruising has plunged full steam ahead into the choppy waters of discounting.

These days, couples who go on regular cruises may find themselves in the quotts team alongside first-timers who bought their tickets at Lum Poly for a 35 per cent discount or took up a half-price Teletext deal.

The shame of paying over the odds runs many a day on 3 deck.

"I deal with cruising every day of my life. I sell 50 cruises a week - and I honestly don't remember the last time I sold one at brochure price," says Mike Sands, owner of Bristol travel agency Thorntons Cruise World.

Sands estimates that 90 per cent of the 330,000 cruise holidays sold in the UK last year were discounted.

Discounts have greatly expanded the market. And Lum Poly predicts 785,000 passengers by 2000.

Airtours, Britain's second biggest tour operator, which will operate two ships in the Mediterranean this summer, starts its prices at £380.

The days when the QE2 and Canberra conjured visions of a holiday for the wealthy few have gone. Nearly all cruise companies offer their own reductions or discount through agents.

Big agents, such as Lum Poly, Thomas Cook and AT Mays, are into their second year of big discounts. And specialist cruise retailers have to follow.

"I am offering discounts of 36 per cent in the window," says John Spicer, of Spicer Travel Bureau, Llandudno, north Wales. "The funny thing is that not many people take it up because nobody really believes it anyway."

But many do. Most of the 50 cruises shifted every week by Thorntons's Cruise World are sold through Teletext.

David Dingle, marketing director of P&O Cruises, says of the market: "It has progressively changed to the

point where our suspicion is that very few holidays are sold at full price. In this day and age, customers are looking for price advantages."

P&O sells 92 per cent of its cruises through travel agents, where the best deals are to be had. While every cruise line obviously direct markets to its previous customers, Dingle maintains his 8 per cent don't get better deal.

It is "multiplier" agents such as Lum Poly which have driven the market towards higher discounts. Their sheer size enables them to add further discounts to those reductions given by the cruise companies.

In turn, smaller specialists have to match to compete. It has given rise to spectacular deals. John Spicer Travel is offering 25 per cent off a QE2 cruise to the Atlantic islands on October 15, and 17.5 per cent off a Baltic voyage, down from £1,866 to £1,528. Its 36 per cent off deal relates to outside cabins on Princess Cruises.

Cruise Classified, another company selling cut-price deals on 26 cruise lines through independent agents, quotes £989 for a seven-night Caribbean cruise, including return flights to Barbados, up to April 8. "People can save up to 30 per cent with us," said the company's Bob Moore.

Thorntons is selling, through Teletext, a half-price two-week Caribbean trip for £550, down from £1,700, in a promotion with Commodore Cruise Line. Port taxes and tips add a further £179.

And it has a Cunard Princess deal, departing March 1 from Malaga for £960 (down from £2,579) including flights. An outside cabin costs £740 (£1,200).

Sands has some advice for first-timers: "Make sure you do the cruise you want to do, not just one with a discount. If you save 50 per cent, you still have to pay 50 per cent - so if you hate it, you've lost 50 per cent."

Steve Keenan

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## SPORT

Golf/Derek Lawrenson

The shark  
reaches 40

In 1986 Greg Norman led going into the final round of all four major championships. He was 31 years old. The Watson era was coming to an end and here was the ideal successor. He had blond hair like Nicklaus and his golf recalled the swashbuckling age of Palmer.

How many majors would he win in his 30s? Five? That was surely erring on the side of caution. When he won the Open at Turnberry that July by a stroke, one year did not appear beyond him. The tabloids dusted down the "Norman conquest" headline and prepared it for heavy use.

Norman turned 40 yesterday. In the Open at Sandwich 18 months ago he took on Nick Faldo and Bernhard Langer playing some of their best golf and neither came close to matching him.

"That was the finest round I have ever seen," the German said, while Faldo found a quiet corner to sulk in.

More column inches have been expended on Norman than any of his peers. Watch him on the practice ground alongside his contemporaries and the quality of his ball-striking is so superior it is almost embarrassing. More people follow him around a course in the US when he is playing badly than would watch Faldo, Langer, and Nick Price duelling for first place.

He has won tournaments on every continent and generates more revenue through endorsements and personal appearances than a medium-sized soccer club. So, given all this, why is it that when we think of

Norman we think of a failure to live up to expectations? For a professional golfer, reaching 40 is like 30 for most other top sportsmen. It is a moment to reflect on their achievements and wonder how much time is left to them at the height of their profession.

Appropriately, Norman ended his prime years on a tidal wave of publicity. We are having a World Tour in 1995, he said. The announcement generated large headlines.

**At practice, Norman's ball striking is so superior to his rivals that it is embarrassing**

lines. As things have turned out, the World Tour has mirrored Norman's career, promising a lot but not delivering.

No player has remained at the top of his profession for so long and won so few major championships. Over the past 10 years no player has given himself more opportunities to win. He has been within four strokes of the lead going into the final round on no less than 23 occasions. To win just two, and none in America, where he has spent much of his working life, outlines a fatal flaw.

His supporters would have us believe that his weakness is simply bad luck. In the 1986 USPGA Championship he was beaten by Bob Tway holding a bunker shot on the final hole.

In the next major, the following year's Masters, he was beaten in a sudden death play-off by Larry Mize, who holed a chip shot from beside the 11th green. Mize was invited by a golf magazine to try the shot again. He replayed it 100 times and did not come close to holing one.

These were undoubtedly instances when fate came between Norman and a major championship. Equally, if the Australian was the complete player he would have won both events before those freak shots. In the USPGA he was three strokes ahead with six holes to play. In the Masters, he bogeyed the final hole to fall into the play-off.

In the 1990 Open at Royal Troon, he birdied the first six holes of his final round and still found himself in a play-off, this time with Wayne Grady and Mark Calcutt.

It was over four holes at Norman birdied the first putt. He still did not win. Indeed, he did not even complete the play-off.

On the final hole he drove into a bunker positioned 320 yards from the tee, took two putts out, and put his ball in his pocket. Taking a three-shot off the tee was just another example of Norman's inability to think clearly under extreme pressure, and tendency to veer in to macho posturing. If Faldo, who cannot match Norman's talent but who has a supreme ability to cope with pressure, could think for him, Norman would probably be challenging Nicklaus's record of 18 majors.

Yet for all the braggado and the claptrap he sometimes



In the shade: Greg Norman, who reached 40 yesterday, has been eclipsed by lesser talents

David Cannon

spouts, it is impossible to dislike him as a person. When Faldo loses a major championship he is unbearable. Norman comes into a press conference, and is mercilessly baited by the American media. ("Do you feel you choked this one away, Greg?" That sort of thing.) Norman always retains his dignity. After winning the 1993 Open in such style, Norman was leading the following month in the USPGA Championship over the

same Toledo course where Tway had holed his bunker shot eight years earlier.

Norman had Paul Azinger and Faldo for company at the top of the leaderboard. He had a putt from 20ft to win on the 72nd hole. It hit the edge of the hole and stayed out. He had the same putt to win on the first extra hole. That one horseshoed out. As well, Norman three-putted the second extra hole and Azinger won.

Faldo did not give a press conference. He jumped in his car and, as a couple of British journalists endeavoured to gain a quote, ordered his chauffeur to drive off.

I followed Norman up the hill from the second extra play-off hole. He signed the odd autograph and acknowledged the crowd's sympathetic gestures. He was asked for a quote from a couple of media people and he said that he would just

change his shoes and then he would answer all questions. He was as good as his word.

The last question was: "You must be the most disappointed man in the world tonight, Greg. How do you handle such disappointment?"

Norman said: "How do I handle it? Well, I'll leave here and fly home to Florida in my private plane and I'll watch the sun go down on the verandah of my \$6m house and then I'll

get up and go do some fishing in my private boat, and I'll enjoy the company of my wife and kids and hey, do you know what: all the disappointment will have gone."

The behaviour of Norman and Faldo that afternoon partly explains why the latter and not the former has been the dominant player of the age. It also explains why it is to Norman's 40th birthday party that I would rather be invited.

Rugby Union/Huw Richards

Shocks in  
the west

Imagine the Governor of the Bundesbank coming out for higher inflation or Newt Gingrich unmasked as a contributor to the Democratic Socialists of America. Neither event would surprise the people of Germany and the US more than the first minute of this season's Courage League One match between Sale and Gloucester shocked the crowd.

Every rugby follower knows how Gloucester play, and have done for years. Forward-oriented and deeply uncompromising. Yet here they were attacking from inside their own half of the field. Nor was this an aberration. Similar scenes, and gasps of amazement, have accompanied them all season.

But this is not quite the virulent outbreak of rugby idealism it might seem. Attempting to change a long-standing and traditionally successful style is a pragmatic response to wider changes in the English game.

Why Gloucester teams have played a grinding forward style is a matter of debate. Environment is one possible reason. Gloucester's image as a West Country cathedral city is a trifle misleading. It is also a large city with normal city vices and nearby the Forest of Dean, once described as "Britain's only working-class forest".

But if environment were all, Castleford, one of the grimmer corners of the Yorkshire coalfield, would not host a rugby league team famed for style and elegance.

Another possibility is that local rivalries perpetuate opposing styles; just as north London soccer giants Arsenal and Spurs habitually represent polar opposites, so do Gloucester and traditionally stylish Bristol.

There is no mystery why they stuck with it. It worked. Strong local junior clubs produced an endless stream of forward talent. That local bias generated a strong sense of identity in a community with few other sporting distractions. Andy Dawson, the captain, can still talk of "representing not just a club, but a whole city". Rugby internationals can walk unnoticed in other cities, but any Gloucester player will be recognised in his own community.

Success ensured large and vocal crowds at the Kingsholm ground. Barrie Corless, Gloucester's director of rugby, but formerly a Moseley player, recalls: "Huge baying crowds and huge hating forwards. You'd feel intimidated before you even got on to the pitch."

Wonderful, so long as it worked. While even top clubs

relied on local junior, the happy accident of players moving into their communities, Gloucester confound on staying on top. It changed started in the early 1980s and accelerated with arrival of the Courage League in 1987-8.

Says Corless: "Her clubs started searching across the country for talented young players while club still relied on local talent."

In the last 10 years clubs drawing restricted numbers of players, notably Hospitals and Boys clubs, which once fed the club, have declined. The London and Welsh, Irish and Scottish threaten to go the same way, danger in continuing to rely on the hinterland of medium-sized towns is clear.

Corless: "We haven't the forward overpopulation. Rule changes mean that, in case, the old set-piece-based power game has been outdated. In response, local junior have been producing lively forwards as well as backs."

The change in style and recruitment symbolised by

Mark Mapletto, an attacking full-back who moved from Rugby at the start of this season. Other clubs were interested in him, but he says: "I knew there was a first team place for me. I was promised I would be allowed to play the way I want to, and I think the crowd has been enjoying the way we play."

It is not easy staying competitive while making changes. Gloucester have had poor seasons before, but the penalty now is relegation. That leads to the loss of ambitious players, lower gates and, perhaps, a downward spiral.

"We have to stay up. If we went down to the second, I fear we might lose it totally," says Tim Smith, a former club captain.

The cavalier spirit has to be leavened with pragmatism. Smith says: "There are still occasions when the ball needs to be stuck in touch. We can't run it from everywhere."

And while the benefits of widening recruitment are clear, so is the strength the club draws from local pride.

Corless says: "I can't ever imagine putting out teams with less than 10 local players," he says. Gloucester cares deeply about its rugby. That intensity makes it distinctive in English rugby union - closer to rugby league communities such as Widnes or Workington than to the middle-class suburbs that make up much of Courage League One. Holding their own this season, they can hope for better before very long. City and club deserve no less.

Tennis/John Barrett

## Cup of tears overflows

Forget the blood and the sweat; concentrate instead on the tears. Not tears of joy - I am talking about tears of pain and anguish.

I have seldom been so moved as I was two weeks ago in Melbourne when Pete Sampras, having come back from two sets down against Jim Courier, broke down on court and sobbed into his towel when someone in the crowd yelled "Win it for your coach, Pete".

Sampras was concerned about the health of Tim Lullin (who was even then en route to a medical check in Chicago), and had not fully recovered from another comeback against Magnus Larsson in the previous round. He simply overflew. It was the natural reaction of a shy and sensitive individual.

The latest to succumb to public to this most human of all emotions is Mark Woodforde, the Australian left-hander. Woodforde trailed 4-6 2-6 0-1 against Marcus Ondruska, the South African No. 2, in the deciding rubber of their Davis Cup tie in Durban last weekend. Exhausted by the heat on a cruelly humid afternoon and incapable of saving his country from defeat, Woodforde sat down at court-side and cried in despair as he conceded the match.

His captain, the former Wimbledon champion John Newcombe, was sympathetic. He knew all about the crushing weight of national expectation and the pain of defeat. In 1963, John, a 19-year-old was thrown in by Harry Hopman to do battle against the US in Adelaide, the youngest man ever to have been selected to play in a challenge round.

After losing the opening rubber to Dennis Ralston 7-5 in the fifth set, Newcombe found himself facing the reigning Wimbledon champion Chuck McKinley in the fifth match, the one that would decide the tie. He lost in four sets.

John may have held back the tears 33 years ago, but I am sure he was ready to cry last Monday. Everything had gone wrong in Durban. For a start Richard Fromberg, selected as the second singles player, had been struck down with a stomach complaint on the first day before a ball had been struck.

This is why Woodforde, in spite of a poor Davis Cup singles record, had been selected. Because of the heat and humidity, Newcombe had wanted to reserve Woodforde solely for his normal doubles role with Todd Woodbridge. Furthermore, the conditions had already affected his top singles player, Patrick Rafter, who had beaten Ondruska on

day one but was not fit when losing to Wayne Ferreira in the fourth rubber. When Woodforde collapsed Newcombe's worst fears were realised.

It was typical of the problems every Davis Cup captain has to face. There was a similar dilemma for the champions, Sweden, in Copenhagen. Magnus Larsson woke up on the first morning too ill to play. So Carl Axel Hageskog, the new Swedish captain, selected doubles expert Jonas Bjorkman to fill the second singles place alongside Stefan Edberg. Bjorkman had played well in Australia beating Guy Forget on his way to the third round. Then, catastrophe: on the first day, Bjorkman fell to Kenneth Carlsen and Edberg was beaten sensationally by Frederik Petterlein, a man who had ended 1994 ranked 192 in the world.

Sweden fought back for a 3-2 win, something they did last year in the semi-finals against the US. The man who had lost the deciding rubber that day in Gothenburg was the US No. 2, Todd Martin. Last Sunday in St Petersburg, Florida, it fell to Martin to score the winning point against France. Having lost unexpectedly on the opening day to Cedric Pioline, Martin was particularly pleased to beat Forget to clinch victory.

In the other first round ties Stich and Becker, playing in

their first Davis Cup tie together since the qualifying win against Belgium in 1992, won the first three rubbers against Croatia. They will now travel to Utrecht on the last day of March to face the Netherlands who beat Switzerland 4-1 in Geneva.

In Naples, Italy beat the Czech Republic 4-1 and will host their quarter-final tie against the US in Palermo. That could be a severe test for the US unless captain Tom Gullikson can persuade Michael Chang or Andre Agassi to join Jim Courier. I do not fancy the chances of Martin on slow European clay. Sweden's next opponents will be Austria, 4-1 winners against Spain in Vienna. This tie will be played in Varjo, birthplace of Mats Wilander and Bjorkman.

South Africa, back in the World Group for the first time since their reinstatement in 1992, travel to Moscow to face the Russian team that beat Belgium 4-1. This will be a first meeting between the two nations and will give a further measure of 20-year-old Yevgeny Kafelnikov's potential. In last year's final he admitted to being overawed by the occasion. He will be stronger for that experience, fully prepared for the blood, the sweat... yes, and the tears if necessary, of another Davis Cup campaign.

## Thenight the innocents died

Continued from Page 1

had married her husband, Horst, who had been serving in the German airforce in the northern region of Mecklenburg.

"We wanted to have a little party to celebrate our marriage because Gerhard, my brother, had been on the front for that occasion. He finally managed to get leave for a few hours on February 13. He was going to come through Dresden so we could have a family get-together," recalls Ursula.

Sister and brother met in the family home at Stephanstrasse 22, in the Johannstadt district, north-east of the Innenstadt. "It was an enormous, sandstone house. We lived on the second floor," she said. They had not expected an air-raid, despite the alarms. "Besides, what strategic value had Dresden?" she asked.

As soon as Gerhard arrived the house was rocked by the first raid. "It was then so calm. Gerhard said we had to get out. We ran upstairs to help bring down a pregnant mother with three small children. We got extra bedding. We then rushed out on to the street. It was so hot. We went in the direction of the Grosser Garten. We did not know that the gardens would be bombed as well," said Ursula.

Gerhard never made it to the street. He, Ursula's mother-in-law, and 14 residents of Stephanstrasse 22, including the pregnant woman and her children, were burnt to death in the cellar. "Ger-

hard was only 18 years old," she said.

What did you feel at the time? "The great sense of loss at my brother's death."

Did the bombing of Dresden demoralise the population? "I hated the war. I was again Hitler. It killed my brother. It was away my husband. It was a prison camp for several years."

Did you express your resistance to Hitler, or the war, or the depopulation of the Jews? "I was an inner resistance. I was no chance to get organised. I had no connection with the tanks."

Horst explained: "You understand that we did not want what was happening to the listening to the BBC was for the papers and radio were sores. We were young at the time. All we knew was that the war was getting closer."

"It was war," interrupted a. "Total war. Hitler was a. But the Allies unjustified women, citizens and children. I can't understand that. None of the oil or chemicals near Leipzig and none of the lines were destroyed. We could not resist. We were finished. If you were bombed so much, how can we resist? We lost everything."

History has made Harold Nash "truly ashamed for what happened" in Dresden.

Born in 1923 in Birmingham, in the English Midlands, Nash was 18 when the Royal Air Force called him up in 1941. "It was so exciting, I came from a very humble family. The RAF was the elite at that time," he said.

Nash was soon carrying out bombing raids over Germany. "We did 13 (bombing) operations. Twice in Berlin, twice over Nuremberg, and over the Ruhr."

"When the Bomber Command made its decision to attack the cities, we were never told we were bombing women and children."

But it was clear. We had to aim the bombs on the flares we dropped. We were sitting up there in the skies. In the depths of darkness. We had the benefit of distance. We did not see, so it enabled us to do it. The only contact with the human beings below was when we saw the huge velvet mats of flames from the bombs."

Nash, a retired teacher of French and German, who in December 1993 was awarded the Order of Merit by

the Republic of Germany for his attempts at reconciliation, recalls the day when he realised the aim of Britain's Bomber Command.

"We had just bombed a target in the Ruhr. We had received a brief to move elsewhere. But then, this young, blond intelligence officer, who was laughing, said that as a result of our raid, people were fleeing to the neighbouring town and we were told to change target and go

after and attack these people. I laughed along with my peers."

In 1943, Nash was shot down near Hanover. "Two of our group of seven survived. I tried to make my way to Holland but was picked up and put on a train to a POW camp."

That train trip greatly influenced Nash's outlook on war.

"I was sitting opposite three German women. They were dressed in black. I was unshaven, unkempt, in my shabby uniform. The train was travelling through the Ruhr. I could see only ruins. Then, all of a sudden, the women offered me a piece of bread, to someone, who, five nights before, had been trying to kill them. And I thought, what did these women have to do with Hitler or the concentration camps?"

Nash believes the Bomber Command strategy did not demoralise the Germans. "I could understand the early stages of the strategy. Britain was desperate. The front was being rolled back, so it resorted to terrorist methods. I think it is widely accepted that it did not have that effect. It was as if the survivors were saying, 'Don't let the buggers get us down.'"

What does Dresden mean to you personally?

"I can't claim that the bombing of Dresden means all that much. But the memory is important. Born in 1931, I was a child of German refugees. My father was Jewish. His

entire family was killed in the concentration camps. I was hidden in a cellar in Berlin while my parents tried to get asylum papers. I spent part of my childhood in New Zealand.

"My job is reconciliation of east and west. The Germans brought it on themselves. They started the bloody war. The 50th anniversary of the bombing of Dresden, is, among other things, supposed to teach us to avoid another Dresden."

What do you think was the strategy behind Bomber Command?

"It had been a deliberate Allied policy to destroy the cities of Germany and demoralise the population."

Was the policy supposed to have anything to do with saving the Jews?

"Not at all. The war was not fought to save the Jews. It has been already proved that the BBC received instructions from the Ministry of Information not to highlight the persecution of the Jews. It would have created sympathy for Germany because of latent anti-Semitism in England. To cut off the railway lines to Auschwitz would have been technically the easiest thing in the world."

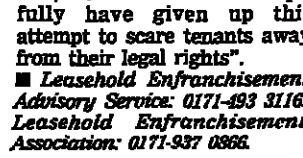
But what makes Dresden so special, so different when you consider the bombings of Nagasaki and Hiroshima and the destruction of Warsaw and other cities?

"History creates symbols. Dresden is a symbol for all the cities which had been bombed during the war."



# Flat dwellers slow to home in on rights

This runs counter to present practice. Boston and other tenants' surveyors believe that tenants should not be bamboozled into paying more than 50 per cent. "Do not be frightened," he says, "either by the complicated, lengthy procedures" (when you may encounter unsuspected delays) or by a counterclaim based on 100 per



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## OUTDOORS

Motoring/Stuart Marshall

## Fords to wipe away bad memories

The only Ford car I have ever bought brand new was an Early English Perpendicular Anglia; the kind people used to call simply Ford 8s.

It had six-volt electric, a three-speed gearbox with no synchromesh on first and cable brakes. The vacuum operated screenwipers dried up completely when the throttle was opened wide and it had a funny habit of diving for the kerb on corners taken at little more than walking pace.

I was immensely proud of it, although, looking back, even for its time it was a primitive car, outclassed by contemporaries such as the Morris Minor. But I was a penniless young reporter. At £227 and 10 shillings the Ford 8 was the cheapest car in Britain. That was why I had bought it. I could afford nothing better.

Our lives are said to be conditioned by early experiences. My motoring life certainly has been. I must have driven every Ford sold in Britain during the last 40 years - Consul and Zephyr, Prefect and Cortina, Capri and Escort, Fiesta and Granada and others whose names I barely remember.

The thought that Fords were sound enough cars but destined to rate no higher than second best has never left me.



Ford Mondeo 24V Ghia. At its heart is a silky-smooth American-made V6 engine



The 1995 Ford Escort Ghia. Minor cosmetic changes, but a radically improved car

Until now, that is. Actually, I suspected my attitude toward Ford cars might be getting out of date when I first drove the new Mondeo two years ago. Unlike quite a few Ford cars - early Granadas and several front-wheel driven Escorts come to mind - the Mondeo was right from the word go.

That could not have been said of the latest shape Escort, which had a justifiably lukewarm reception when launched in 1990. But gradually Ford responded to criticism by correcting stodgy handling and improving lacklustre performance. Now a series of mid-life changes have moved it toward the top of its class.

When I drove two of the new Escorts - a 1.6-litre petrol-engined Ghia five-door and 1.8-litre turbo-diesel Ghia estate - in the south of France last month, my first impression was of great refinement.

Even when driven hard, their engines sounded decently remote; the transmissions (five-speed manual only for the

moment) were silent; and both wind and road noise were at the low levels expected of executive cars. In general, they felt more like slightly downsized Mondeos than merely improved Escorts.

Suspension changes have sharpened Escort steering response and improved both roadholding and ride comfort.

Power-assisted steering is standard on LX models and available as an optional extra on all the others except those with 1.3-litre engines.

On every kind of road from smooth autoroutes to rough and twisting country lanes the Escorts were well mannered, willing and above all, refined. Only the gearshift got a

thumbs down. Ford says it is better than before but I found it rather ponderous, especially when going into fifth.

One in every three cars sold in Europe is in the Escort's size and price class. Competition, already intense, will get stronger this year as new cars such as the Honda Civic five-door appear, but the Escorts

are good enough to meet their rivals head on.

Prices, only 2 per cent higher than before, start at £9,495 for the entry model Escort 1.3 Encore.

After sampling the new Escorts in France, I spent a week back in Britain with a 2.5-litre V6-engined Mondeo Ghia 24V 5-door. This was so good that, had I been put into it with all identification marks removed, I could have believed I was driving a BMW or Audi.

The US-made 24-valve engine develops 90 per cent of its peak torque (pulling power) over a wide speed range and overall gearing is moderately low. This means that once out of town, a lazy driver can stay in top gear for most of the time. Yet the V6 spins eagerly and sily to high revolutions so that overtaking can be rapid and safe. It is also a totally relaxed motorway cruiser.

Rear seat headroom and legroom are less than generous though this will not trouble the business motorist who normally drives solo. He - or she - will find the lavishly equipped, £19,815 Mondeo 24V Ghia, one of the best choices in its price class. And as for me, I promise never to underrate a Ford car again.

Graceful curves, awkward stuttering turns, or straight down, head-over-heels - there are several ways of getting down a mountain.

Getting from head-over-heels to elegant curves requires time in the mountains, hours of practice and expert tuition - but a few tips from fellow skiers can help enormously.

Weekend FT asked readers to share their skiing tips and then asked ski celebrities for their contributions. The responses were many and varied - some serious, others less so.

For those who plan to venture into powder, for example, Mark Peaker, of Lausanne Switzerland, has a one-word suggestion: "Relax."

He explains: "You can't ski powder if you are tense. Hold your arms out wide and try to let your skis glide in big swings. Don't try to force a turn and remember - every powder skier falls over, and so will you."

Christopher J. Ames of London agrees: "Relax by conquering fear and keep your shoulders facing down the fall line."

For those on the piste, Anthony Leech of London suggests: "One only ever skis on one ski. The other, if you forget it, will find its own way down. If all else fails, whistle your favourite tune and admire the view."

Starting young, keeping fit, finding an instructor who speaks your own language, taking private lessons and spending as much time on the snow as possible are suggested by many respondents. And Dr J.H. Swallow of Chelmsford, Essex, adds: "Confine your drinking (of alcohol) to the evenings."

Good advice for everyone visiting the mountains comes from Christian Warland of London: "Ensure the only thing you leave behind you are the perfect tracks of your skis - no cigarette butts, chocolate wrappers, empty cans etc."

The experience of Ann Miller-Allen, a former professional dancer who was stung into skiing after her son suggested she try it before she "got too old", is both helpful and inspirational to mature beginners.

Two weeks after her son's teasing remark, Miller-Allen, of Seaford, East Sussex, was in a beginners' class feeling awkward and clumsy.

But the rewards followed quickly: "My best skiing was that first time of utter confidence and control while hurtling down a red run with the sound of my son's gleeful cries of encouragement alongside me."

She still dances with an operatic company in Eastbourne and has found one exercise good for strengthening the legs for skiing and dancing.

She tells beginners: "Find a gentle slope, ski straight ahead with your feet a foot or so apart, and as you glide forward, simply shift your weight from one foot to the other. You



Olympic champion Tommy Moe: 'Five pancakes, two bananas and yogurt for breakfast'

Picture: Agencies Vandyck, Colorport and Allport

Skiing

## Take a tip from the experts on how to tackle a slope

Arnie Wilson and Peter Whitehead pass on advice from FT readers and ski celebrities

will naturally start to slalom.

"This movement gives a feeling of superb control when practised regularly and firms the legs. Dancing and skiing go together - suppleness is the key."

But Bernie Cammell of Southampton urges skiers not to take fellow skiers' tips too seriously: "Avoid treating these nuggets as authoritative and take proper instruction. Skiers of all standards can learn from good teachers."

So what do the experts and celebrities have to say?

I find I don't get sick as often when I have a little body fat, so I eat around 3,500 calories a day.

Tommy Moe  
Current Olympic downhill champion

■ Eat five pancakes, two bananas and yogurt for breakfast; two turkey sandwiches, salad and fruit for lunch; a mid-afternoon snack (sports bar); and steak or pasta for dinner.

I find I don't get sick as often when I have a little body fat, so I eat around 3,500 calories a day.

Glen Plake  
Extreme skier featured in videos

■ Point everything downhill: head, arms and chest. Don't make huge movements with your arms when you're planting your poles. It's a very small flick of the wrists.

And always be aware of your stomach - it's the centre of your skiing.



Franz Klammer

(Above) 'Kaiser' of the Hahnenkamm

■ Always try to finish your turns. Don't skid them - carve them.

Martin Bell  
Britain's senior downhill racer

■ When you are skiing in bad visibility, stretch your arms forward and imagine that you are "feeling for the terrain" with your outstretched hands.

To carve turns with a long radius at high speed, do not swivel or rotate the ski to start the turn. Keep the ski tips pointing in the same direction

and just roll the ski on to its edge and the skidcut will do the rest.

To ski in powder, always spread your weight evenly between both feet, and make your movements dynamic but gentle.

David Swanwick

World Extreme Skiing champion

■ Never be afraid to get back to basics. No matter how good a skier you are, spend a few minutes every day in the wedge position.

Andy Mill

Former downhill racer with the American ski team, now director of skiing at Aspen, Colorado

■ Always control your speed and finish your turns.

Maintain a good balanced position with weight on the middle of your skis and a good athletic stance, with knees bent and your hands slightly forward.

Also, never ski without your wife or girlfriend so you have someone to hug and keep you warm.

Chris Evert  
(Above right) Former tennis champion, intermediate skier, married to Andy Mill

■ Only ski at Tishack (Aspen's easiest mountain). Make sure the sun is shining.

And never ski without your



Chris Evert

husband or someone else to carry your skis.

□ □ □

The final thought comes from Nigel Lloyd, a Weekend FT reader and member of the One Ski in the Grave club. He advises: "Never take lessons. There is not a ski instructor alive who can help me. I should know - I've tried hundreds and they've all given up."

"In Bages they said 'you've got a good wide stance'; in Val d'Isère they said 'you don't really need poles'; in Davos it was 'perhaps you are happiest doing it your own way'; Soldeu was 'we'll wait at the lift - you'll get there'."

"And at Alphach, they said 'Nightingale (this was the closest the instructor could get to Nigel), where are you going?'"

Fishing/Tom Fort

## Back door to a place in history

History plays a curious trick on some of its distinguished men. They slave away on behalf of monarch and country, doing the donkey work. They earn the gratitude of the great men, respectful notices in the newspapers, and footnotes - if that - in the history books.

Occasionally, very occasionally, they manage to give drudgery the slip. The trick is that, long after the mountains of paper they have shifted in the name of duty have been forgotten, it is the fruits of the few, precious hours of innocent pleasure-seeking which give them lasting renown.

One such was John Buchan, who worked himself near to death as lawyer, politician, and Governor-General of Canada and whose reputation as a serious writer was built on his biographies of men such as Montrose and Caesar.

Yet he lives today as the creator of the adventures of Hannay, Lethen, McCunn and the rest - romances dashed off with as much serious intent as you or I might devote to a spot of gardening.

Grey of Fallowden was in the same mould. Earnest student of British history of the early 20th century will know him as a tireless, conscientious and ultimately not very effective foreign secretary.

But his memory is dear to a host who know nothing of his exertions to maintain the balance of power in Europe but who love his classic celebration of escapism, fly fishing.

Fishing, I need hardly say, is the link between Grey of Fallowden, Buchan (who did not write so much of it as he should), and my subject today, John Weller Hills. For it is the fugitive sport, par excellence.

If life or labour become too much, or the temptation of a gorgeous summer's evening too great to resist, the moment can be stolen at once. Appointments can be put off, clients deflected, the telephone ignored, papers pushed to one side, spouses appeased, children lulled.

A wave and a cheery word to one and all, the tackle is seized, the river reached, the strides through the meadow grass lengthened, until that corner by the willows reveals itself.

And, by God, a two pounder is nipping on the gravel! For these men - Buchan, Grey, Hills - such escapes were a good deal rarer than they are for me, possibly because they had a stronger notion of duty.

Of the three, I would guess that Hills did much the most fishing. Incontestably, he is one of the great angling writers of the century and I only hope this is some consolation for the fact that his political career is now utterly forgotten.

Yet in his day he was a coming man. He became an MP in 1906, and after most gallant service in the Great War, was chosen by Bonar Law to be Chief Secretary to the Treasury in 1922.

This should have been the first step towards remarkable things. But Hills lost his seat, and by the time he got one back, his hour had passed. Edin- Crugleth Hill Crescent, Edinburgh EH4 2LA, tel and fax: 031-352 6607.

lute brick on a multitude of committees, he remained on the backbenches until his death in 1938.

We who care more for our libraries than for obscure legislation should be grateful that the promise was not fulfilled. Had Hills ascended the ministerial ladder, he would doubtless have fished much less, written much less, and worn his mind out on his dispatch boxes.

As it is, he wrote one absolute classic, *A Summer on the Test*, and a crop of other first-rate books, among them *A History of Fly Fishing for Trout*, which is about to be republished by the Fly Fisher's Classic Library (Dartmoor View, Mary Street, Bovey Tracey, Devon TQ13 9HQ, tel: 0626-835714).

For anyone who regards fly fishing as something more than a means of hastening a trout's journey from water to freezer, this is simply one of the indispensable books. On the front of the first edition, published in 1921, is an apho-

It is wonderful that so much ingenuity should have been lavished on things that really do not matter

rism of the 18th century Duc de Choiseul - "La Pêche est ma folie".

Whether you translate the last word as folly, obsession or harmless madness, the whole subject is, of course, utterly trivial. But to me, it is wonderful that so much of mankind's ingenuity should have been lavished on things that really do not matter in the least - such as persuading a trout to seize a whispy creation whisked up from feather, fur and silk.

For Hills, the whole story is a progress towards the invention and embracing of the dry fly.

But he shows his greatness in his appreciation of those who signposted the way, and his refusal to join the dry fly bigots. A dry fly man through and through, he was, nevertheless, open-minded enough to recognise and properly value the brilliant perceptions of G.M. Skues into the sub-surface world.

It would be going too far to say that Hills' book, now three quarters of a century old, is the last word. There have been other valuable histories since.

But I do say that his is the essential one, and there is no educated or sensitive fly fisher whose understanding and affection for the sport will not be enriched by reading it.

My last column, about salmon fishing on the Tay in Scotland, omitted to say that my trip was organised by Bob Brownless, whose company, Bobsport, can be contacted at 9 Crugleth Hill Crescent, Edinburgh EH4 2LA, tel and fax: 031-352 6607.

## MOTORS

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## Bill Johnson

(Above) Olympic downhill champion, 1964. Now ski ambassador at Crested Butte, Colorado

■ One of the most important

سكيا من الامل



BOOKS

# Journey through the landscape of hell

The most important message the Holocaust must leave to posterity, writes Rabbi Jonathan Sacks, is 'never again'

Fifty years on, the Holocaust still has the power to leave us numb with shock. Nothing in the history of man's inhumanity to man had prepared us for the planned systematic extermination of Europe's Jews, the so-called Final Solution.

The Jews, many of them, could not believe what was happening to them. The Europe they knew was the house of Goethe and Schiller, Beethoven and Kant. It was the birthplace of enlightenment and liberalism, the benchmark of high civilisation. How this culture failed to prevent, or to produce

significant protest against, the dehumanisation of a society, remains one of the great unanswered questions of the twentieth century.

For many years the trauma left by the destruction of two-thirds of Europe's Jews was so intense as to create a kind of silence. There were few books published about the Holocaust. Survivors kept a wary distance from their own memories, and that may have been part of what helped them to survive.

As time has passed, though, the floodgates of memory have begun to open, not least because the

generation of those who lived through the nightmare, seeing a world in which ethnic and racial tensions still scar humanity, wonder whether the lesson of the Shoah has really been learned.

Memory is the mentor of conscience. What we can forget, we can repeat. At the very time that the factories of death were at their height, their victims sensed that a massive attempt was underway to render the Shoah invisible and desirable, an attempt sustained ever since by revisionist Holocaust historians. When the grounds of Auschwitz were excavated after the

war, dozens of written testimonies were discovered buried under the earth, written by those who, shortly before their deaths, suspected that every effort would be made to cover all traces of what had occurred. Above all else, they wanted the world to know and remember.

That is what makes personal testimony a moral act, and books like *Sacred Games* necessary

reading for those who believe that the single most compelling imperative to emerge from the Shoah is never again. It is the story of a young Hungarian Jew, Miklos Hammer, and of his journey through the landscape of hell: Birkenau, Auschwitz, Buchenwald, Dachau.

Almost incredibly he survived. We travel with him through the transportations, forced marches, selections for the gas chambers, and the seemingly endless brutality, at times random, at times ruthlessly methodical. Here people die of starvation and cold, there a son is forced to kill his

father. Everywhere we encounter not just violence but evil, for the victims were not just tortured or murdered, but also stripped, stage by stage, of their humanity.

It is the story of a survivor, and we discover how close was Hammer's brush with death. At one point he escapes a mass execution by hiding in a cellar, at another by taking on the identity of an Englishman he meets on a transportation. On almost every page we are conscious of the deaths of those around him as one by one they disappear never to return.

At the end of the book Hammer

adds a note dedicating it to the memory of those who perished, hoping that it will "blaze through the darkness and indifference." Remembering is the greatest service we can do to those who died. Works like *Sacred Games* make it possible for generations born after the Holocaust to come face to face with its reality. It answers no questions, but it tells a compelling story of what it is to travel through the valley of the shadow of death, and to survive.

Rabbi Dr Jonathan Sacks is Chief Rabbi of the United Hebrew Congregations of the Commonwealth

## SACRED GAMES

by Geraki Jacobs

Hamish Hamilton £16.99, 271 pages

## Blair: a prime minister in waiting

But look at the odds before placing a bet, advises Malcolm Rutherford

The story goes that when Tony Blair was first elected to the House of Commons in 1983, he was warmly embraced by Sir Edward du Cane, the chairman of the Conservative 1982 committee, as one of the bright new Tory intake. Blair has continued to dazzle the Tory Party ever since. In a famously leaked memo last year, John Major, a deputy chairman of the party, wrote: "If Blair turns out to be as good as he looks, we have a problem".

Here is the first biography of the man who might be Britain's next prime minister and the first Labour prime minister since 1979. At least one other account of his life is on the way, timed for the party conference season.

Such early offerings can be useful. What politicians said or did in the sweet blaze of youth tends to drop out of the records if and when they become respectable. The young

### TONY BLAIR: THE MODERNISER

by Jon Sopel

Michael Joseph £15.99, 308 pages

James Callaghan, for instance, voted against British membership of the International Monetary Fund, but that was long before he became chancellor of the exchequer and eventually prime minister. In America the young Newt Gingrich had some eccentric ideas, like putting the disabled into space because weightlessness would relieve them of their problems.

The young Tony Blair seems to have little to fear from his past. At Oxford he played in a rock band, but never took drugs. Even if he had, like Bill Clinton he would not have inhaled. He has been a bit cryptic about membership of the Campaign for Nuclear Disarmament, yet since the cause was espoused by Presidents Reagan and Gorbachev, there is nothing disreputable about that.

Jon Sopel's book is not an "authorised" biography, though the author has had access to Blair. As a BBC commentator, Sopel covered the campaign for the Labour Party leadership last year from which Blair emerged as the clear winner. There are other sources, too, notably Michael Howard, the home secretary, his rating of Blair turns out to be remarkably high. Less surprisingly, there is Neil Kinnock, a former Labour leader, whose judgments on Blair seem more balanced. Sopel's approach is sympathetic

without stooping to sycophancy. There is, however, a sprinkling of bias against other people in the Labour Party. He appears to regard John Smith, whose death led to Blair's accession, as pretty much a failure. He pays no tribute to the consistency of Smith's views on Europe and scarcely acknowledges that by playing "the long game", Smith's attempt to bring Labour back to power might have come off. He thinks that the party was in crisis before Smith died and he is churlish about Margaret Beckett, Smith's deputy, who seemed to many to behave with dignity during the leadership campaign.

Some background is missing. If there is another Labour government, it will be partly due to the way Denis Healey stayed with the party when others were leaving to found the Social Democrats, and the way Michael Foot kept the party going in times of adversity. Without such guardianship of the bunker, there would have been no chance for Kinnock, then Smith and now Blair to recoup.

The formation of the SDP was when Blair came in. He had no time for the new grouping and stood as the Labour candidate in the home county seat of Beaconsfield in May 1982 - the time of the Falklands War. He was massacred, but made the quixotic decision to fight the seat again at the general election.

Some of his friends told him not to be so daft, and almost at the last minute he was selected for Sedgefield in the north east. This was exactly the right place for a man who had lived in Durham and been to school in Scotland: not middle England, but middle Britain. Since then he has returned to the constituency to make many of his key political statements, like the decision to run for the leadership, in his Who's Who entry he lists Trindon Colliery and other local institutions as his clubs.

Sopel leaves no doubt about the extent of Blair's ambition. He regretted that he did not stand for the deputy leadership after Labour's defeat in the 1992 election. He had no hesitation in going for the leadership directly on John Smith's death, though if Smith had died a few months earlier, the main candidate would have been Blair's longstanding friend, Gordon Brown.

Brown, however, had overexposed himself on the media and Blair looked the more attractive figure. As this book reveals, John Prescott, now the deputy leader and a far more traditional Labour figure, was extremely helpful to Blair in the



campaign by forcing a contest rather than allowing a walkover. Some defects emerge. Not everyone will like the intensity of Blair's religion: as a young man he would often stay up late at night, reading the Bible in bed. During his leader-

ship campaign he infuriated his assistants by demanding to be driven to church to take communion on a Sunday evening. He seems to have gathered a coterie of friends around him from a very early stage. Comparisons with Bill

Clinton are a little too close for comfort. Will he be prime minister? You should look closely at the odds before placing a bet. He is not home yet and the young Tony Blair may have regaled himself the not-so-old John Major.

## Work before women

J.D.F. Jones muses on the story behind these wonderful letters

Bronislaw Malinowski, one of the founding fathers of anthropology, first made his name with his field work in the islands east of Papua New Guinea. A cosmopolitan Pole New Guinea, he met and in due course, against much resistance, married Elsie Masson, a Melbourne nurse of Scottish extraction. He took her back to Europe where, because he was away so often and because they chose to site their family home in the Tyrol although he was teaching in London, they wrote to each other far more often than most couples choose to.

*The Story of a Marriage* is a collection of their letters, brought together and discreetly edited by their youngest daughter. No doubt it will have its own like, but for the lay reader it turns out to be a surprise and a delight.

The first volume begins with their meeting, when Elsie was mourning the death at Gallipoli of her fiancé, and ends with their marriage after they had defied the disapproval of her parents and his

sponsors. For 12 of these months "Bronio" was travelling and researching in the Trobriand Islands, so we have here, in addition to the passionate and lonely sentiments of two people who were falling in love by letter, vivid descriptions of the primitive societies of Oceania and a non-technical preview of the raw material which was to become Malinowski's first classic, *Argonauts of the Western Pacific*.

Much more important, the point is that both of them could write a wonderful letter; Elsie is his equal as she battles with her parents, comes to terms with her bereavement and with mysterious rumours of Bronio's other attachments.

With the second volume, in Europe between the wars, where they fitted from Scotland to the Canaries, to Poland (very briefly), to South Tyrol and, eventually, to

London's Primrose Hill, Bronio is too busy to write at length as Elsie reports on raising three children, more often than not in their father's absence, and fancies about the dramas of Academe and his meetings with the great and the good.

### THE STORY OF A MARRIAGE

edited by Helena Wayne

Routledge, 2 vols. £40/£13.99 each, 196/261 pages

and protests that he wishes he were back home. Then, so tragically soon, Elsie's multiple sclerosis is confirmed, and the last chapters are overshadowed by her brave, cheerful, hopeless search for a cure to the disease which would kill her, only 45, in 1935. This second volume is desperately sad because we have

come to know Elsie through her own words and to appreciate her as a person. All the letters, from first to last, never cease their mutual assurances of an intense and certain love.

And yet... there is something odd here. Why, if they were both so happy to have found the other, did they spend so much time apart? They are both always insisting how much they miss each other, even if Elsie occasionally cracks ("This is an absurd and aimless life we are both living and I don't know why you are there and I am here..."), or again, "Goodbye my own darling. This separated life is horrible. We didn't marry for this, surely..."), yet this is what they chose.

The clue may have come as early as 1917 when Elsie writes to her secret lover, "I was thinking that the problem of a man's work always must come before a woman. It is in

a sense antagonistic to her, and she has the chance of making it her enemy, or becoming its ally..."

Even when they were living on Tenerife he took a separate cabin in the mountains. In 1934 when she was desperately ill he spent five months in Africa, writing home with relish about his hero's reception, soon after his return he was again off to America.

It is clear from Elsie's letters that she understood that he was moody, hypochondriac, temperamental, indeed, difficult. It is clear from Bronio's letters that he was largely innocent of the truth that he was self-absorbed. But did either of them understand that he must have relished his work - his fame - more than his marriage?

I have a red-hot idea for any dramatist out there. *At Charing Cross Road*, you recall, dramatised the trans-Atlantic correspondence between two ordinary people and became a cult success. In the same style, someone should turn these marvellous Malinowski letters into a duet for the stage. It would have everything: romance, fame, exotic tales, poetry and, above all, tragedy.

## The barbs are blunted

Graham McCann on an ageing rebel's reaction to the Clinton campaign

Hunter S. Thompson's first foray into American politics resulted in his account for *Rolling Stone* magazine of the 1972 presidential election: *Fear and Loathing on the Campaign Trail*.

It was a striking, irreverent and idiosyncratic assault by the "Outlaw Journalist" on the fawning attitudes of the Washington press corps and the cynicism of the campaign managers. His attacks on Nixon ("He speaks to the bully in us: the bully, the predatory shyster who turns into something unspeakable, full of claws and bleeding string-warts on nights when the moon comes too close...") were frequent, fierce and memorable.

Thompson never stopped baiting Nixon and his entourage. The staccato delivery of the prose - the

### BETTER THAN SEX: CONFESSIONS OF A POLITICAL JUNKIE

by Hunter S. Thompson

Doubleday £15.99, 252 pages

result of a mind distracted by drugs and desperation in the face of impending deadlines - became a suitable stylistic complement to the impatient observations. It was never reliable reportage, nor was it always responsible, but it was unusually passionate and it was written as though politics really mattered.

*Better than Sex*, which records Thompson's return to the campaign trail for Bill Clinton's bid for the presidency in 1992, is a much less impressive, but much more poignant, sequel to *Fear and Loathing*. Thompson's "long weekend", which lasted nearly two decades clouded by disputes, drug addictions and writing blocks, left him ill-prepared for the politics of the 1990s. The Clinton team grew up in - and out of - the 1960s culture to which Thompson remains tied, and Thompson was unsure as to how to engage with such serious young professionals. The Bush team, on the other hand, was very familiar to Thompson, yet no easier to come to terms with. Nixon, Thompson's *bête noire*, was gone, and those left behind seemed merely mediocre, the dregs of the old demon brew.

When Nixon was there, confessions Thompson, "we could always be

sure of finding the enemy on the Low Road". Without Nixon, Thompson was without a moral compass. No political figures he observes elicit from him any of the old wit or anger, all the barbs are blunted: George Bush is dismissed as a "fraud" and a "punk", Ross Perot mocked as "a cranky little bastard", while Clinton is merely a "New Age sensitive guy". The memory of Nixon is used, with a growing sense of desperation, as a means of injecting some passion into this supine account, but even the spectral Nixon cannot inspire the writer into transcending unintelligible mutterings and unimaginative insults ("criminally insane", "scum", "queer in the deepest way").

The book improves appreciably, however, as election day draws near. This is mainly because Thompson, after weeks of lazy theorising, meets some of the Clinton campaign team. What follows is fascinating, but probably not for the reasons Thompson intended. His meetings with James Carville, for example, show the ageing rebel unnerved by someone sharper, more sober yet perhaps even stranger than himself. His meeting with Clinton (over a bowl of fries in a diner), which promised so much - the dope fiend and the draft dodger, one man still living in the 1960s, the other struggling to shake them off - produces little more than a low-key replay of Falstaff's exclusion from the young King's court.

With Clinton in the White House, Thompson is no longer the outlaw, just the outsider. It hurts. He resorts to firing off a succession of friendly approaches to George Stephanopoulos, offering advice and support: the responses tend to be brief, polite but gently patronising. The author is left to wander aimlessly between halfhearted hope ("I got into politics a long time ago, and I still believe, on some days, that it can be a honorable trade") and world-weary cynicism ("The enemy of my enemy is my friend, like the Arabs say - and if he happens to be a swine, so what? At least he is our swine").

*Better than Sex* offers no solutions, just a few tart observations - the most persuasive of which is probably that politics, though not as bad as sex, is likely to remain at least as widespread in the foreseeable future.

### Fiction/Nick Foulkes

## Splinters from life

*A Farewell to Prague* by Desmond Hogan is not a conventional novel, nor is it a standard piece of travel writing. It is a collection of fragments, shards and splinters of experience, some a few pages long, others barely a couple of lines, many with a strong autobiographical flavour. The effect is by turns maddening and intriguing, after a while a picture builds up, not like a straight-forward narrative, but rather like the layers of shellac, varnish and polish on a piece of furniture.

Themes emerge; homoeroticism, death and a sense of history, particularly Irish history, are just a few. Images recur; Maud Gonne, flowers, Teddy Boys and tinkers for example. Characters reappear at various times throughout the book: most memorably the narrator's lovers.

The book is carried by Hogan's writing, which is underpinned by a dazzling vocabulary. The whole effect is probably best summed up by an image used by Hogan himself: that of a stained glass window. It is as if all the disparate elements that make up *A Farewell to Prague* should be appreciated at once.

"I'll be able to cope with it soon, when piss and juice and the sweat between his sweet dirty arse have cooled off the situation here inside me", is the kind of line that crops up in *The Miracle Shed*, a collection of short stories by Philip MacCann. At their worst these stories are little more than self-indulgent hallucinogenic posturing. However, many of the stories in this collection have something, sometimes much, to recommend them. There

are those which really hold the attention, such as "Grey Area", in which a group of schoolboys plot to have their Latin master killed by a loyalist terrorist organisation.

About his good stories there is an air of Raymond Carver, as he documents the mundane yet grisly, sad, sordid lives and sexual fantasies that are played out in a decaying cityscape of blocks of flats, where a girl's hair is scented with chip fat.

*A FAREWELL TO PRAGUE* by Desmond Hogan

Faber & Faber £8.99, 256 pages

THE MIRACLE SHED by Philip MacCann

Faber & Faber £8.99, 274 pages

the lift reeks of urine and a functioning public telephone is a rarity. His subject matter is often harrowing and distasteful.

With a repertoire of shocking mis-en-scènes and rude words, MacCann could build himself a Damien Hirst type reputation as some sort of enfant terrible. But it would be a great shame if this were accomplished at the expense of the more worthwhile areas of his work.

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## BOOKS

Foreign exchange markets are the gorilla in the nightmares of finance ministers. Some hapless government is ambulating along the path to monetary union, or economic nirvana, and wallow! - a burst of speculation, and the dazed minister is knocked off his feet and nursing a sore head, while his attacker disappears back into the bushes.

Given that currencies tend to be symbols of national pride, the damage done by foreign exchange traders makes them a favourite bogeyman of politicians. In the 1960s, Harold Wilson blamed the "gnomes of Zurich" for the pound's troubles; in the 1990s, the French cited "Anglo-Saxon speculators" for the

franc's woes.

It is, from one point of view, a severe limit on democracy if economic policies are thrown off course by the whims of foreign exchange dealers. But John Roberts, a financial journalist, takes the view that the markets perform a necessary function of correcting government when its ambitions get too divorced from reality.

Referring to the 1982-93 crisis in

the Exchange Rate Mechanism, he talks of the social disruption caused when European countries with high unemployment rates tied their economic policies to Germany, where the Bundesbank was using high interest rates to counter the inflationary effect of reunification. By causing the breakdown of the ERM, he writes, "the speculators in effect sided with the populace against the politicians."

In the course of outlining all the

1000 BILLION A DAY:  
INSIDE THE FOREIGN  
EXCHANGE MARKETS  
by John Roberts  
HarperCollins £6.99, 270 pages

myriad participants in the markets - bank dealers, corporate treasurers, brokers, pension funds - Roberts certainly illustrates that "conspiracies" to undermine partic-

ular currencies are unlikely. He says that "there is no evidence to suggest that speculation or the greater volume of dealing generally have made exchange rates more volatile."

But the idea that the markets are simply the instruments of cold reality is difficult to sustain. There have been many occasions when currencies, such as the dollar, have fluctuated so violently that it is impossible to believe that their

value is being influenced by any economic fundamentals. In such circumstances, politicians can hardly be blamed for considering ways of restricting the freedom of the markets. But the gorilla will eventually break free of its cage, as the ERM crisis showed.

Foreign exchange intervention - the equivalent of offering the gorilla a banana to go away - does not work either. The world's central banks simply do not have

enough reserves to be sure of defeating the markets. Roberts draws the reasonable conclusion that, in the circumstances, it might be best if some of those reserves were invested more productively.

The lay reader can learn a lot about the markets from this book - although the first chapter is a little confusing. But it is a pity that, unlike *Liar's Poker*, Michael Lewis's book about life as a bond salesman, there is not much fun in this tome. In real life, foreign exchange traders can be colourful individuals. One anecdote slips through. Dave the broker does a realistic impression of Allied bombers over the telephone; apparently the German clients love it.

## Songs for the new consumer

The story of pop, which began so joyfully, is now dehumanised by technology. Nick Groom reports

**T**he Rise and Fall of Popular Music is an epic work of reference and polemic. Donald Clarke traces western popular music from the fifth century to the 1990s. He focuses mainly on the experience of the past hundred years: the golden age of jazz, Broadway, big band, swing, and rock'n'roll. It is an absorbing, ludicrously informative, and strangely moving account. And it is full of fascinating things.

Clarke recounts the invention of tap-dancing, and refers to the critic on the New York Herald who lamented in 1892 that the refrain of "Ta-ra-ra-boom-de-ay" had become "a hideous nightmare"; he also tells us the enchanting nugget that W.C. Fields began his performing career

THE RISE AND FALL OF  
POPULAR MUSIC  
by Donald Clarke  
Viking £22.50, 615 pages

as a juggler, and includes the news that current research on the Delta bluesman Robert Johnson cannot yet be published as his killer is still alive.

We also learn that Frank Sinatra recorded one of the first concept albums, that the Shangri-Las' melodramatic death song "Leader of the Pack" was answered by the Detergents' "Leader of the Laundromat", and we are invited to marvel at Bruce Springsteen's imbecilic remark, "Chuck [Berry] played in a lot of strange keys, like B-flat and E-flat."

Clarke's thesis is that popular music has ceased to be something that we do and enjoy and has become something that we consume. He is interested in the effect of mass markets upon popular music. Early on he emphasises the trans-Atlantic dissemination of John Playford's 17th-century *English Dancing Master* and the profit-maximising schemes of 18th-century printers of broadside ballad. He argues that these commercial values determined popular

music at street level, and thereby structured the culture of the people. Ragtime croon-shouters stopped shouting when they found that microphones enabled them to croon with intimacy. The gramophone format dictated the length of Broadway songs - they usually lost their introductions. Jukeboxes playing the same hits over and over again inspired record company policy-makers to restrict radio play-lists to the "hit parade". Phil Spector's "wall of sound" trademark was overproduction designed to sound good on transistors and car radios.

This is why Clarke bemoans recent popular music. "The pop charts of the last two decades have been dominated by the toys of technology and the sound of money talking". Clarke's attack on post-Beatles pop is bracing: "the twangy synthesisers and thumping machines all have one thing in common: they do not and cannot swing".

Swing is what it is all about. For Clarke, Duke Ellington and the swing era represents "a highwater mark in the quality of popular music". Popular music began to swing in the 18th century, but it really got into the groove with jazz. *The Rise and Fall of Popular Music* is a glorious celebration of the jazz greats, and Clarke writes about them in a neat, tersely droll style: he swings too. He has a wealth of information at his fingertips, and inevitably the book sometimes reads like a chronological version of his earlier *Encyclopaedia of Popular Music* - a pell-mell fury of names, dates, line-ups, songs, gigs, and hits - there are even some major omissions, such as the music hall tradition and popular hymnals. But it is quite a performance nevertheless.

With the advent of rock'n'roll music shifts to a minor key. Rock'n'roll lacked any cultural values to guide it, and when The Beatles arrived, the popular music scene stalled. The Beatles inspired only imitators - and have effectively done so ever since. Style triumphed over substance.



"One good thing about music, when it hits, you feel no pain..." The opening lines of Bob Marley's concert at the London Lyceum 20 years ago heralded an explosion of interest in reggae and Rastafarianism. "Everyone who was there decided they were a Rasta, and the whole movement just spread," recalled one observer. From "Bob Marley: Songs of Freedom" by Adrian Boot and Chris Salewicz (Bloomsbury, £25), which marks the 50th anniversary of the birth of the singer, who died in 1981.

Clarke still holds out some hope that, as in the past, a moribund music scene will be rescued by the Afro-Americans. But this argument fails to explain the recent troubles - the pomp of the 1970s and the pose of the 1980s. Where were the Afro-Americans when the white boys needed them? Clarke cannot find anything salutary in

disco (which is hardly a surprise), or even in reggae (Bob Marley receives only the briefest of treatments). Instead, rap is the great white hope. And yet it is such a vilely misogynist, anti-Semitic, and stupidly violent concoction that Clarke (wisely) does not back this one either, and the book ends on an imperfect cadence.

This is a work of enthusiasm and bitter passion. The story of popular music, that began so joyfully as a celebration of the human dynamics of swing, ends as an industrial tragedy of technological dehumanisation. Donald Clarke forces us to face the bleak prospect that our songs are being denied us; he forces us to face the music.

may jib at a phrase - "paid military lackeys of the monarchy" smacks of Maoist diatribe - but the narrative is quick-footed, with inset commentaries on certain pages which focus upon significant figures or events. From *Blanche de Castille* and *The Black Death* to "the Hausmannisation of Paris" and the "politics of cultural grandeur" with the *Arche de la Défense* in Paris.

A lively introduction to its subject - that country where Masarin observed "anything may happen" - the volume is well and generously illustrated, with a preponderance of colour images, and notably well designed.

Clement Crisp

## Propaganda and the case for paranoia

A.C. Grayling on a classic conspiracy theory involving subversion and betrayal

**W**illi Munzenberg's body was found in a French wood in 1940, slumped at the foot of a tree with a rope around its neck. He had been dead for some months. Did he commit suicide, or had Stalin's terror machine dealt with him as with so many of its former servants, one of whom he had been?

As a classic example of a conspiracy theory, Stephen Koch's account of Willi Munzenberg and the Soviet propaganda machine of the 1920s and 30s is hard to beat. There is a riveting story here: Moscow worked hard to gain friends and influence people in the west, in particular by enlisting intellectuals. Willi Munzenberg was a central figure in this endeavour. Using Munzenberg's story, Koch weaves a tale of massive Soviet-inspired betrayal by western intellectuals. And he makes an extraordinary claim about covert Soviet-Nazi cooperation.

Conspiracy theories are more often prompted by our human inclination to paranoia than by the facts of history. But they are true just often enough to keep our paranoia alive. In evaluating conspiracy theories we have the added difficulty that truth is often far more bizarre than fiction, so that even their surrealism is not an immediate ground for rejecting them. Koch's account severely tests this principle.

Munzenberg was a German communist who had been a successful publisher and a Reichstag MP before Hitler's rise. He was a member of Lenin's inner circle even before 1917, taking a part in the preparations of the exiled Russian leaders. From the earliest days he played a leading role in the Communist International or Comintern, a "cultural" body founded by Lenin in 1919 as a machine to propagandise the world beyond the Soviet Union's borders. One major task of the Comintern was to attach the support of educated opinion in the west. As Koch argues, it was also an excellent cover for spying, subversion, and the recruitment of agents.

In his Comintern work, Munzenberg was involved in many activities. The Left Book Club and the League Against Imperialism in Britain, the publishing house Editions du Carrefour in Paris, and the New Playwrights' Theatre in New York, are just a few of the organisations claimed by Koch as Comintern fronts. And he attributes to Munzenberg's far-reaching web of activity the recruitment of the Cambridge spies, the Peace Movement, the Sacco-Vanzetti case in America, and very much besides.

Munzenberg's chief work came after Nazism's triumph in Germany. He based himself in Paris to organise the Popular Front, the international anti-fascist movement which mobilised opinion against Hitler and Mussolini, keeping the prospect of resistance alive despite appeasement. The Front's first experience of action was against Franco. As its leading light Munzenberg attained celebrity, to some he was a hero. A history of these events would make enthralling reading. But

Koch's account is not simply historical. His eye begins to roll in the very first pages of the book, and by the time Reds have been discovered not merely under the bed but in it, and in the bathroom and the pantry, the potting-shed and the boot of the car, it is revolving wildly. For it seems that almost everyone - Ernest Hemingway, John Dos Passos, Dashiell Hammett, Andre Gide, Lytton Strachey: any left-leaning intellectual's name will do - and almost everywhere - Cambridge, Bloomsbury, Hollywood, Broadway, Washington - was somehow connected with or sympathetic to or penetrated by the Munzenberg web.

The most dramatic claim in Koch's book is that Munzenberg's Popular Front against fascism was in fact a cover for secret Soviet-Nazi cooperation. During the mid-1930s, Koch writes, the two totalitarian states under the cover of their mutual hatred were negotiating

DOUBLE LIVES: STALIN, WILLI MUNZENBERG AND THE SEDUCTION OF THE INTELLECTUALS  
by Stephen Koch  
HarperCollins £20, 419 pages

toward an alliance in order to position themselves for the war to come. As the anti-fascist war of words took shape, the two secret services each other with disinformation against each other's domestic enemies. Thus, Stalin used the Gestapo to destroy Tuchachevsky and the Red Army general staff, and Hitler used the Comintern and the Munzenberg operation to destroy Ernst Rohm and the Stormtroopers.

Koch's overall purpose is to assert that the variety of left-inclined people and organisations outside the Soviet Union during the interwar years were either controlled or influenced by Willi Munzenberg, and that Munzenberg was directly controlled by Moscow. This indicates a large slice of the west's intellectuals as traitors in fact or spirit, and provides a defence of the Macarthys which followed later. There is of course no question that those who failed to see Stalinism's evil (better concealed, at the time, than Hitlerism's evil) were profoundly deluded. But without question, at least many on the left in the 1930s were there from conviction and not because of the supposed Svengali-like skills of Munzenberg. As with the Stalin-Hitler conspiracy thesis, Koch's claim overstates credence.

In Koch's world, as in old-style cowboy films, the bad guys wear black hats and the good guys wear white hats. The white hats were as busy propagandising, and securing agents of influence, and encouraging intellectuals to dissent, as were the black hats. The fact that the white hats have happily won should suggest to Koch that the time is ripe for a more detached evaluation of the great ideological battle of the 20th century. But it is as if Koch were still fighting that battle in his 1930s shape.

Professor Colin Jones prefaces his *Cambridge History of France* thus: "My aim has been to provide an accessible account that is more than a chronicle of the political history of the social and governmental elite; that gives economic, social, and cultural history their due; that respects the regional as well as the national framework; and that gives full weight to questions of gender, class and race."

A general history on these lines is a daunting prospect, for author as well as reader, not least with the perspectives opened up by Professor Jones's citing of gender, class and race. (These are passwords for the political correctness gang in their

## France in a nutshell

THE CAMBRIDGE  
ILLUSTRATED HISTORY  
OF FRANCE  
by Colin Jones  
Cambridge University Press £22.95,  
352 pages

must be an exercise in omission and elision. What Professor Jones does, and with flair, is to bring together the varied matters of political, social and economic life in a period and provide a cogent summary of

their implications. So, writing about the absolutism of Richelieu and Louis XIV, he makes a succinct analysis of the administrative and military considerations which it obtained, and also relates it to social and family morals. His treatment in a single chapter of the Middle Ages is a bold panorama which takes in economic growth and the shaping of the French language, enlivened by such comment as "many towns started life as the poodle of the local feudal lord".

There are moments when one

André Gide said that Dashiell Hammett's 1929 *Red Harvest* was: "The last word in atrocity, cynicism and horror". Times change. These days, Hammett is the epitome of good taste, while Gide's comments are regularly thrown at James Ellroy, the demon dog of crime fiction, known for his nightmarish journeys into the sleaze-ridden, violent world of post-war Los Angeles. Like Hammett's eye-of-depression novel, *American Tabloid* investigates a particular era of political greed and corruption.

However, Ellroy, writing about the crimes of the Kennedy years, dispenses with the ubiquitous detective as the investigator who pushes the narrative to a secure conclusion and replaces the customary first-person crime format with a shifting perspective and high-octane reportage.

Exploring "the private world of public policy," *American Tabloid* is the initial volume in the author's *Underworld USA*

## Crimes of the Kennedy years

AMERICAN TABLOID  
by James Ellroy  
Century £15.99, 582 pages

the desire for wealth and power. *American Tabloid* follows the demise of Camelot through internecine relationships involving Hughes, Hoffa, Jack Ruby, J. Edgar Hoover, and crime bosses Giancana and Marcello. With heroin, sex and extortion the prime bargaining chips, at stake are the Teamsters pension fund, control of Cuban casinos and evidence implicating Joseph Kennedy.

The CIA, Mob and extreme right unite to create an "assassination metaphysics" and numerous plots to kill the president. Ellroy (leaving Oswald for his next volume)

deploys three corrupt fictional players: ex-cop, drug-procurer and extortionist Pete Bondurant; FBI agent Kemper Boyd, who pimps for the president while organising Cuban exiles for the CIA; and lawyer and ex-FBI agent Ward Littlell, who summarises their conspiracy - "we'll present them with an explanation, and the powers that be will prefer it to the truth, even though they know better."

With a thin line separating tabloid hack and historian, Ellroy's characters are secondary to the events that engulf them. They can only watch what their betrayals, manipulations and mistakes have set in motion. Ellroy avoids the cultural genealogies and intellectual excesses that marred Stone's *JFK* and DeLillo's *Underworld*. Here everyone is guilty, and the narrative web is all-consuming. When it comes to style and investigative procedure, Ellroy might be the most innovative crime writer since Hammett.

Woody Haut

Fiction/Carlo Gébler

## High art, sex and murder

**J**ohn Banville's new novel *Athena* continues the narrative started with *The Book of Evidence* and continued with *Ghosts*.

The narrator - as before - is Morrow, art lover, art historian, art connoisseur and sometime murderer. Now living under a new name in a city which bears some resemblance to Dublin, he is engaged by the shady businessman Morden to authenticate the provenance on a cache of pictures which may have been stolen from Whitewater House, home to the Behrens collection. This of course was the scene of Morrow's crime in *The Book of Evidence* (when he went by the name of Montgomery); it was during a bungled attempt to steal a painting from this same house that he bludgeoned the

maid to death as described in that book.

There is obviously a reason in the mind of Morrow's employer for embroiling him with paintings which are connected to the darkest part of his life. But what is it? The mystery - which has a Simeon-like simplicity and strength - provides the motor to this extraordinary book. It keeps us reading; it keeps us turning the pages; we have to know what Morrow's new employer is up to.

Having hooked us, Banville is then free to concentrate on what really interests him: what is Morrow's description, confession of his painful and exorcising love affair with A, a young woman who lives in the house where the paintings are stored, an exhibitionist and a masochist who

ATHENA  
by John Banville  
Secker & Warburg £15.99,  
233 pages

likes to be blindfolded and beaten.

A's sexual predilections simultaneously appal and fascinate Morrow - after all he is a woman-murderer, a sort of ersatz Bluebeard. But he is also smitten by her. A is the first woman in a very long time (or possibly even ever) to bring grace and love into Morrow's hitherto loveless life.

Banville uses sexual activity in *Athena* as a way of understanding and explaining character and he is never in any sense titillating by the novel's end and we understand how A's tastes are rooted in her autobiography. Simeon was similarly adept when it came to using sex as a key to unlocking character.

But the Belgian writer was noted for a terseness which was almost telegraphic; Banville, in contrast, is word-rich; page after page after page, he describes the physical world as seen by Morrow with breathtaking, heart stopping fluency.

*Athena* in this respect is very much a work of high art; however, because the mystery surrounding Morrow's employer is never lost sight of, *Athena* also provides those pleasures which I associate with popular fiction. It is hard to serve two masters, but Banville has managed the task magnificently: the result is a tour-de-force, a novel which holds onto its art while managing to be enormously enjoyable.

سكنا من الاصل







ARTS

# Drawn to the erotic

William Packer defends and celebrates the work of Egon Schiele

Egon Schiele was born at Tulln, a small town on the Danube near Vienna, in the summer of 1890, into a family of the petit-bourgeoisie - his father was the station-master. At 28, in the autumn of 1918, the artist died in the pan-epidemic of Spanish influenza that in a few short months proved more lethal than the Great War itself. His wife, pregnant with their first child, died a few days before him. Here again, so it would seem, we have the image of the artist as tragic victim, shades of Modigliani and Van Gogh, unrecognised genius cut off before his time.

But the story is not quite that simple. Schiele certainly had his troubles, especially in his earlier years. His neighbours were scandalised by the apparent irregularity of his life and the overtly sexual nature of so much of his work. Indeed, he was once held in prison for several weeks, unjustly accused of corrupting the young girls whom he drew so often. But his tragedy is all the more poignant, perhaps, for the fact that in contrast to Van Gogh, whom he matches almost exactly in the shortness of his career, or Modigliani, who was carried off in the same epidemic, in his last year he had begun to enjoy wide official recognition for his work.

He was subsequently all but forgotten, but for the loyal discrimination of a few collectors, and the general revival of his reputation is fairly recent history. And it must be said that much of that early controversy does his reputation still: the charge of graphic and explicit sexuality amounting almost to pornography is hard to shake off, at least in this country. Here, admiration is all very well, but it is still difficult to admit to any enthusiastic liking for Schiele without the odd eyebrow rising skywards. There is hardly anything of his in public hands. The Tate has nothing, though not by now, I imagine, for want of wanting. Four years ago the Royal Academy could find no British sponsor for a splendid show of Schiele and his contemporaries.

The charge must be addressed, for it is inescapable. Skirts raised, stockings rolled down, legs akimbo, hands caressing, figures entwined, the challenging stare of the model herself as her sexual parts are so frankly exposed - all is readily and understandably shocking. But pornography? The answer has to be no, and a resounding no at that. For where there is no sentimentality and its concomitant engagement of fantasy and

wishful thinking, there can be no pornography. What is real may well be erotic, which is something else entirely, but never pornographic. It is the reality that Schiele confronts in his work, most especially in his drawings, that is at once so disarming and so shocking.

His facility is breathtaking, the speed of the line, the deft turn and flick of the contour to describe the form and spring and life of the figure. And the colour is rich and decorative, the silhouette strong and clear, the design simple, a young girl's brightly striped skirt spread around her bare bottom like a sunburst. All betray the graphic influence of Gustav Klimt and the Vienna Secession of the 1900s, by which examples the young Schiele, no more than 18 and still a student, first came to his true expressionist identity as an artist. In this coming to himself, he became in a moment entirely his own man.

He had not been outstanding as a child and the rapidity of his development, so well demonstrated in a run of his student work, is astonishing. The case for proper early technical study could hardly be better made. The very first painting of a young woman in black of 1907, is as lovely as anything in the whole show.

We are back to reality, to the observed reality of the figure, the model, the particular woman who presents herself just there, in front of the artist, in that self-same room and space. There she is to the life, for all his tricks and devices whereby the image becomes art - the rapid descriptive slip of the paint, the graphic exaggeration of the image, the patterned, abstracted fall of dress or shirt. And there we stand as it were at his shoulder, as his hand flicks across the page, and we marvel.

Leonard Gnanadua and the curator of this show, Serge Sabarsky, have put together a remarkable exhibition of drawings and paintings from collections around the world, both private and public, to take us from Schiele the student of 1907 to the artist in his final months and at the height of his powers. It celebrates what now stands, a full lifetime later, as the achievement of one of the greatest artists of the century.

Egon Schiele: Fondation Pierre Gianadda, Martigny, Switzerland, until May 14.



Shocking and disarming but never pornographic: 'Seated Nude', a drawing of his wife by Egon Schiele

## Radio/Martin Hoyle Built to destruct

Some years ago I had the culturally eye-opening experience of escorting a party of Italian architects around Britain's new towns. Palladio's heirs were ecstatic at the beauty of Centre Point, that shameless white elephant of speculation rearing over central London like a mockingly up-thrust finger. Brunelleschi's descendants were lost in admiration for the bold vision of old town centres bulldozed to construct multi-storey car parks.

It also became plain that new projects look unrecognisably better in models or sketches than in grubby reality. None more so than the imaginative Byker Wall development in Newcastle, the contrast between the improbably blue skies glorifying the prize-winning designs and lowering everyday greyness transformed the character of the enterprise on its journey from drawing-board to Tyneside.

The implication was that architects are no judges of reality. A further tip - Italians are likely to get things hopelessly wrong in a foreign context - has been borne out over the years by such names as Palumbo. I was re-alerted to the double menace by last Sunday's interview on Radio 4 with this year's Reith lecturer, the architect Richard Rogers.

The interviewer Alan Yentob drooled in adulation of the contribution Anglo-Italian parentage and citizenship of Florence must make in some presumably mystic way to designing buildings for latitudes further north. "Your mother is still a woman of fantastic taste and judgment," he gurgled. Perhaps the venerable signora should take a hand with the building blocks.

Despite the programme's overriding philosophy that nobody is better qualified than the architect to use his imagination about urban problems, the modest and enthusiastic Rogers failed to correct our image of the profession as an authoritarian brotherhood with a vested interest in keeping its mysteries intact the better to slap down ignorance, impertinence and heresy in the mob - who of course is not the best judge of what is best

for it. The image of the medieval church lingers.

That said, Rogers is obviously a good egg. He inveighs against the right things - the car, out-of-town shopping centres, the fragmenting city and concomitant ghettos. Possessed of a "passionate belief in the past and a dynamic belief in the future", he balances a fascination with technology by praise for the 1946 Green Belt concept as "stunning visionary thinking".

Given that 50 per cent of mankind lives in cities at the beginning of the century it was one per cent, he is patently right to urge action against the planet-destroying wastefulness of the ten-year life-cycle of the modern building. Better to spend 15 per cent more, he says, to make a building last a hundred years.

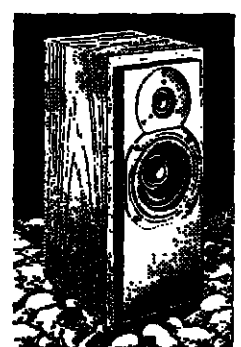
There lies the irony. Who in Rogers' profession gives a damn about an old building? Rogers himself praised the Georgians and Victorians as forward-looking, moving ahead, irrespective of the fact that they were recycling the past - Adam, Nash, Victorian Gothic/Venetian/chateau on the Loire. Anyone who tries that today is abused as a wimp.

From Warsaw to the relatively modest old town of Rouen the inhabitants have reconstructed their environment precisely as known, loved and communally identifiable, not as grade A monuments. Dare try that in this country. It is automatically assumed that Britain has no cultural baby to throw out with the kitschy bath-water. The sad thing is that this may now be true.

This year's speaker will doubtless make the right noises in the Reith lectures that start tomorrow. He needs to, seeing what his profession has achieved in the destruction of Britain's urban environment in the last few years alone, culminating in London's distinction as Europe's ugliest capital.

Rogers complains bitterly that his native Florence has become a museum. So someone among the Italian authorities knows what they're doing.

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Coming within days of the death of John Halas, moving spirit behind so much of the innovation in British film animation over the last 50 years, it was good to see *Carmen* opening a BBC2 season called *Operavox* last night.

This is a series of six operas - the others are *The Magic Flute*, *Rigoletto*, *Rhinegold*, *The Barber Of Seville* and *Turandot* - animated in different styles by different companies, but each slimmer down to 30 minutes. For lovers of animation it is, if not a feast, a fascinating smorgasbord. Lovers of opera may feel more uneasy, but then they are clearly not the target audience. These programmes are being shown at 7.30 and the stated intention is to "bring culture to family audiences in an entertaining, easily-assimilated format".

This fashion for making things easy (*Operavox* could be seen as the respectable end of the "dumbing down" process which is spreading throughout television) is, surely, questionable. Among the things we most enjoy are those at which we work hardest. One of the attractions of grand opera is the onlooker: you have to put in some effort before you really begin to appreciate it.

Cutting works such as *Carmen* and *Turandot* to half an hour means that they sound rather like *Your Hundred Best Tunes*, and the plots of *Rigoletto* and *Rhinegold* are inevitably over simplified. However, just as television must be entitled to produce modern, edited, versions of Shakespeare (this opera series was preceded by *Shakespeare: The Animated Tales*) without being accused

Cheers No 1061: 1 R7 g3 2 Red Ka2 3 Rb7 Ka1 4 Bg5 Ka2 5 Rf1 mate.

Television/Christopher Dunkley

## Animated opera for easy assimilation

by the cognoscenti of somehow damaging the originals, so too with famous operas. We should consider these animated films in their own right.

Naturally enough they vary, not least because of their different styles and techniques, which include puppetry, cel animation and videographics. Given the frequency with which we are told these days - admittedly chiefly by the British - that British animation is now the best in the world, it may seem a little perverse to conclude that the two best productions here are *The Barber Of Seville* and *The Magic Flute* which were both made by Christmas Films of Moscow.

Yet that is how it seems to me. *Barber* uses puppets and *Flute* the familiar cel technique seen, for example, in Disney films. The first is directed by Natasha Dabizha and the second by Valeri Ugarov, but both gain from a light touch. True, these are the two works closest to comedy, but it is not only a sense of humour from which they benefit. They also seem more inventive.

Technically *Carmen* is the most up to date, using the sort of videographics which most viewers may have seen only in commercials such as those for P & O Ferries and the Post Office. "Electronic painting" is used over live action to lay down brilliant block colour while retaining film accuracy

in such details as the faces. The outcome is a work which is more striking visually than aurally.

Like the Shakespeare, this series originates with Channel 4 Wales and the music for all six cartoons is performed by the Welsh National Opera, singing in English. I would have preferred original versions and subtitles, but no doubt that would not be seen as "easily assimilated". More important, the sound system on 99 per cent of television sets is too cheap and primitive to give a proper idea of the high quality signal put out by the transmitters. Consequently in these films, as in so many programmes, the sound is inferior

to the pictures.

The series has all sorts of pleasures to offer. In a suitably dark and sinister *Rigoletto* next week the puppet in the title role looks remarkably like Charles Laughton playing Quasimodo. *Rhinegold*, which follows, brings the Super Heroes of DC Comics to Wagner. Freia is a super curvaceous brunette in a black bikini. In *Turandot* the human figures are created in the style of American television cartoons, but the backgrounds are straight out of Hokusai. *The Magic Flute*, which looks as though it could have been designed by Erté, is the best of the lot. Watching it you suddenly remember the hysterical inventiveness of people such as Tex Avery in Hollywood and John Halas in Europe during the middle years of this century - and you wonder why there is not more of this visual ingenuity in the other films.

Ironically those able to get most from this series will be those already deeply familiar with the operas. Yet they will also be the most disappointed.

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## INTERNATIONAL ARTS GUIDE

## What's on in the principal cities

## AMSTERDAM

## GALLERIES

Rijksmuseum Tel: (020) 673 21 21  
 ■ Art of Devotion 1300-1500: major winter exhibition focusing on the spiritual function of objects in the medieval period; to Feb 26 (Not Sun)  
 ■ Marbled, Chintz and Brocade Paper: an exhibition of decorated paper manufactured in and imported to the Low Countries in the 17th Century; to Feb 12  
 Stedelijk Tel: (020) 5732 911  
 ■ Alfa Romeo: The Essence of Beauty: exhibition marking the development and design of Alfa Romeo cars from the early part of this century to the most recent models; to Apr 2

## OPERA/BALLET

Het Muziektheater Tel: (020) 551 89 22  
 ■ Mazeppa: by Tchaikovsky. A Netherlands Opera production conducted by Harmut Haenchen and directed by Richard Jones; 7.30 pm; Feb 11, 12 (1.30 pm), 14

## BERLIN

## GALLERIES

Neue Nationalgalerie Tel: (030) 2662653  
 ■ George Grosz, Berlin-New York: exhibition of the German Dadaist who emigrated to the US; to Apr 17

## OPERA/BALLET

Deutsche Oper Tel: (030) 3 41 92 49  
 ■ Das Rheingold: by Wagner. Conductor Horst Stein, production by Götz Friedrich; 7.30 pm; Feb 16  
 ■ Ein Maskenball: by Verdi. Conducted by Rafael Frühbeck de Burgos/Sebastian Lang-Lessing, produced by Götz Friedrich; 7.30 pm; Feb 16  
 ■ Faust: by Gounod. Conducted by Lawrence Foster/Henrich Hollnreiser/Lift Kout, production by Jean-Pierre Ponnelle; 7 pm; Feb 15, 17  
 ■ L'italiana in Algeri: by Rossini. Conducted by Ion Marin/Carlo Rizzi, produced by Jérôme Savary; 7 pm; Feb 11  
 Staatsoper Unter den Linden Tel: (030) 2 00 4762  
 ■ Elektra: by Strauss. Conducted by Daniel Barenboim; 7.30 pm; Feb 14  
 ■ Fidelio: by Beethoven. Conducted by Daniel Barenboim; 7.30 pm; Feb 12

## BOLOGNA

## OPERA/BALLET

Teatro Comunale Tel: (051) 529999  
 ■ Macbeth: opera in four parts by the Deutsche Oper Berlin. Music of Verdi; 8.30 pm; Feb 12 (8.30 pm), 14

## BRUSSELS

## OPERA/BALLET

De Munt/La Monnaie Tel: (02) 218 22 11  
 ■ Il Trittico: by Puccini. A new production directed by Stein Winge, conducted by Antonio Pappano; 7 pm; Feb 11, 14, 16

## COLOGNE

## CONCERTS

Walfrid-Richartz Tel: (221) 221 2379  
 ■ Maurice Denis: exhibition of works by the French painter associated with the Nabis group; to Apr 2

## OPERA/BALLET

Oper der Stadt Tel: (221) 221 8400  
 ■ The Turn of the Screw: music by Britten. Conducted by Stuart Bedford, produced by Michael Hampson. In English with German surtitles; 7.30 pm; Feb 11

## FRANKFURT

## CONCERTS

Alte Oper Tel: (069) 1340 400  
 ■ Evening of Songs: soprano Dawn Upshaw and pianist Charles Spencer play Debussy, Copland, Seeger and Berg; 8 pm; Feb 13  
 ■ Frankfurt Opera House and Museum Concerts: with pianist Elisabeth Leonskaja and conductor Vladimir Fedoseyev plays Dvořák, Britten and Tchaikovsky; 8 pm; Feb 12 (11 pm), 13

## GALLERIES

Museum für Moderne Kunst Tel: (069) 212 304 47  
 ■ Harald Pöppel/Michael Reiter: experimental work with modern materials; to Feb 24 (Not Sun)  
 Schirn Kunsthalle Tel: (069) 29 98 82 11  
 ■ Asger Jorn - Retrospective: 167 works by the Danish painter. The fifth chapter in a series of presentations of postwar European artists; to Feb 12

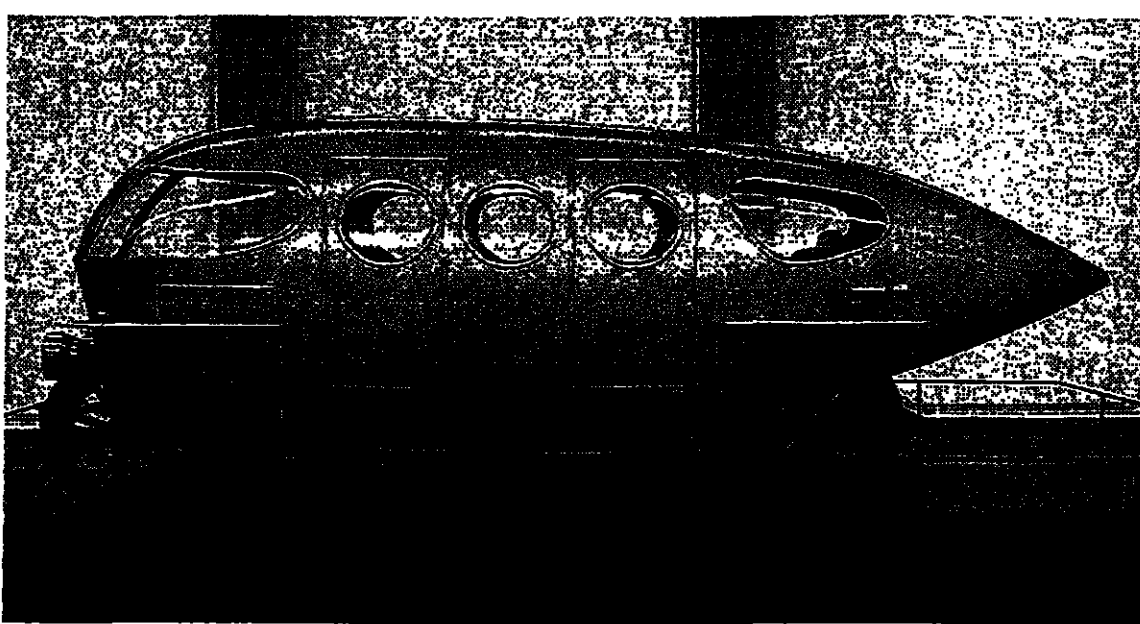
## OPERA/BALLET

Oper Frankfurt Tel: (069) 23 60 81  
 ■ As a Garden in this Setting: choreographed by William Forsythe, music by Thom Willems; 8 pm; Feb 13, 16  
 ■ Oberon: by Weber. First showing at this venue with conductor Hans Zander and lead role played by Hubert Delamotte; 7.30 pm; Feb 15

## LONDON

## CONCERTS

Barbican Tel: (0171) 638 8891  
 ■ Tippett: Visions of Paradise: Elgar Howarth conducts the London Sinfonietta to play Tippett; 7.30 pm;



An ALFA Aerodinamica, made in 1914, part of 'Alfa Romeo: The Essence of Beauty' is at the Stedelijk in Amsterdam until April 2

Feb 15, 17  
 ■ Barbican Celebrity Recital Series: with soprano Felicity Lott, mezzo-soprano Ann Murray and pianist Graham Johnson; 7.30 pm; Feb 13  
 ■ Tippett: Visions of Paradise: Sir Colin Davis conducts the London Symphony Orchestra to play Tippett's 'Triple Concerto' and Elgar; 7.30 pm; Feb 12  
 ■ Valentine's Day Love Classics: Paul Wynne Griffiths conducts the London Concert Orchestra for an evening of great romantic classics; 7.30 pm; Feb 14  
 Festival Hall Tel: (0171) 928 8800  
 ■ Igor Stravinsky Plays Mendelssohn and Tchaikovsky: Simon Phipps conducts the English Chamber Orchestra and violinist Igor Stravinsky; 7.30 pm; Feb 11  
 ■ Valentine's Day Concert: Philharmonia Orchestra and pianist Anya Alexeyev. Anthony Inglis conducts Tchaikovsky, Rachmaninov and Rimsky-Korsakov; 7.30 pm; Feb 14

Purcell Room Tel: (0171) 928 8800  
 ■ A Tribute to Fats Waller: a Valentine's day musical celebration; 7.30 pm; Feb 14  
 ■ Krumpholtz: a musical journey from Odessa to New York, from traditional Klezmer to Jazz; 7.30 pm; Feb 16  
 ■ Viva Vivaldi: London Soloists Chamber Orchestra with violinist Peter Sheppard and oboist Helena Gaunt. David Josefowitz conducts a programme of eight famous concerti grossi for solo violin and oboe; 7.30 pm; Feb 12  
 Royal Academy Tel: (0171) 439 7438  
 ■ Philharmonia Orchestra: Kurt Sanderling conducts Beethoven and Shostakovich; 7.30 pm; Feb 12

GALLERIES  
 Barbican Tel: (0171) 638 8891  
 ■ Impressionism in Britain: the first comprehensive survey of the development of Impressionism in Britain. Over 200 works by over 100 artists including Degas, Renoir, Manet and Whistler; to May 7  
 British Museum Tel: (0171) 638 1555  
 ■ Byzantium: treasures of Byzantine art and culture from British collections; to Apr 23 (Not Sun)  
 Hayward Tel: (0171) 261 0127  
 ■ Yves Klein: over 110 works conveying the full range of his output from paintings and sculpture to installations, events, architectural schemes to stage and film scenarios; to Apr 23  
 Museum of Installation Tel: (0171) 253 0802  
 ■ Dermot O'Brien: wonderful installation that attacks the senses. Air fresheners of various colours and scents are arranged on a wall to create sentences in braille; to Feb 11  
 National Portrait Tel: (0171) 306 0055  
 ■ Christina Rossetti: an exploration of the Victorian poet on the centenary of her death; to Feb 12  
 Photographers Gallery Tel: (0171) 831 1772  
 ■ Photography from the Former Soviet Union: including the work of Alexander Rodchenko; to Mar 18  
 Royal Academy Tel: (0171) 439 7438  
 ■ Poussin: over 90 works by the French artist. Centenary of the exhibition are the two series of the 'Seven Sacraments'; to Apr 9  
 Serpentine Tel: (0171) 402 0343  
 ■ Man Ray: exhibition of works by the celebrated artist; to Mar 12  
 Tate Tel: (0171) 887 8000  
 ■ Willem de Kooning: a major exhibition featuring over seventy paintings drawn from private and public collections worldwide; from Feb 16 to May 7  
 Victoria and Albert Tel: (0171) 938 8500  
 ■ Warworks: women photography and the art of war. A perspective of war through the eyes of international women artists; to Mar 19

OPERA/BALLET  
 English National Opera Tel: (0171) 832 6300  
 ■ King Priam: a new production of Tippett's opera that opens the London Festival - Tippett: Visions of Paradise, to celebrate the composer's 90th birthday; 7.30 pm; Feb 11, 17  
 ■ Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30 pm; Feb 16  
 ■ Rigoletto: Jonathan Miller's updated version of Verdi's opera where the duke is a mafia boss; 7.30 pm; Feb 13, 15  
 Royal Opera House Tel: (0171) 340 4000  
 ■ Der Rosenkavalier: by Strauss. Conducted by Andrew Davis, directed by John Schiessinger. Soloists include Felicity Lott/Anna Tomowa-Sintow as Prinzess von Werdenberg; 8.30 pm; Feb 11, 15  
 ■ Giselle: music by Adolphe Adam. A Royal Ballet production, choreographed by Marius Petipa after

Jean Coralli and Jules Perrot and produced by Peter Wright; 7.30 pm; Feb 14  
 ■ La Bohème: by Puccini. Conducted by Simone Young/Paul Wynne Griffiths, directed by John Copley. Soloists include Angela Gheorghiu/Amanda Thane as Mimì and Maria McLaughlin/Judith Howarth as Musetta; 7.30 pm; Feb 16  
 ■ The Prince of the Pagodas: by Britten. A Royal Ballet production choreographed by Kenneth MacMillan opens a Benjamin Britten 'mini festival' at the Royal Opera; 7.30 pm; Feb 17

## THEATRE

Albany Tel: (0171) 876 1115  
 ■ As You Like It: by Shakespeare. Declan Donnellan directs an all male cast that includes Adrian Lester and Richard Cant; 7.30 pm; (Not Sun) National, Cottesloe Tel: (0171) 928 2252  
 ■ Dealer's Choice: written and directed by Patrick Marber, six men stay up late to play poker, and win at all costs; 7.30 pm; Feb 11 (2.30 pm), 17  
 National, Lyttelton Tel: (0171) 928 2252  
 ■ Broken Glass: a new play by Arthur Miller, directed by David Thacker; 7.30 pm; Feb 13, 14 (2.15 pm)  
 ■ Out of a House Walked a Man: by Danil Khamis. A Royal National Theatre and Theatre de Complicité co-production of a collection of musical scenes by the Russian absurdist writer; 7.30 pm; Feb 15, 16, 17  
 ■ The Children's Hour: by Lillian Hellman, directed by Howard Davies; 7.30 pm; Feb 11 (2.15 pm) National, Olivier Tel: (0171) 928 2252

■ The Merry Wives of Windsor: by Shakespeare. Terry Hands directs his first production at the National. With Denis Quillay as Falstaff, Brenda Bruce as Mistress Quickly and Geraldine Fitzgibbon as Mistress Ford; 7.15 pm; Feb 16, 17  
 ■ The Wind in the Willows: Edward Kemp's recreation of Nicholas Hytner's original production by Alan Bennett, adapted from the novel by Kenneth Grahame; 7.15 pm; Feb 11 (2 pm), 13, 14, 15 (2 pm) Royal Court Tel: (0171) 730 1745/2254  
 ■ The Libertine: by Stephen Jeffreys, directed by Mark Stafford-Clark. Comedy based on the works of the 2nd Earl of Rochester; 7.30 pm; to Feb 18  
 Shaftesbury Theatre Tel: (0171) 378 5389  
 ■ The Three Lives of Lucie Cabrol: adapted from John Berger by Mark Wheatley and Simon McBurney, who also directs. Theatre de Complicité present this violent love story; 7.30 pm; to Feb 25 (Not Sun)

## LOS ANGELES

## CONCERTS

Dorothy Chandler Pavilion  
 ■ Tetzlaff plays Beethoven: Esa-Pekka Salonen conducts The Los Angeles Philharmonic with violinist Christian Tetzlaff to play Beethoven, Schoenberg and Sibelius; 8 pm; Feb 15, 17

## MADRID

## GALLERIES

Fundación Juan March Tel: (91) 435 48 40/435 42 40  
 ■ Klimt-Kokoschka-Schiele: exhibition of 35 works by the three Viennese artists; to May 21  
 Mercado Puerta de Toledo Tel: (91) 366 7200  
 ■ The Golden Age of Dolls: exhibition marking the 'Golden Age' of toy making (1840-1940), and its social impact. Over 800 exhibits; to Jun 16  
 Reina Sofia Tel: (91) 466 30 02  
 ■ Salvador Dalí: the early years; to Jun 16

## MUNICH

## GALLERIES

Haus der Kunst  
 ■ Deutsche Romantik: previously on show in London, this exhibition has created much discussion in Germany. It examines the work of early German Romantic painters and their cultural and political impact on successive generations of German artists; to May 1

## Kunsthalle der Hypo-Kulturstiftung

■ Paris-Belle Époque: An evocation of the period from 1880 to 1910, with paintings, drawings, posters, photographs, glass and furniture; to Feb 26  
 Villa Stuck Tel: (089) 45 55 51 0  
 ■ African Seating: exhibition of traditional African arts, mostly from the early part of this century, that concentrates on seating, from simple every day designs to ornate wooden

## thrones; to Apr 23

## OPERA/BALLET

Bayerische Staatsoper Tel: (089) 22 13 16  
 ■ Don Pasquale: by Donizetti. Conducted by Roberto Abbado. In Italian; 7 pm; Feb 12  
 ■ Il Trovatore: by Verdi. Conducted by Miguel Gomez Martinez, produced by Luca Ronconi. In Italian; 7 pm; Feb 14  
 ■ Onegin: music by Tchaikovsky. Choreographed by John Cranko, conducted by André Presser. A Bayerische Staatsballet production; 7.30 pm; Feb 13, 15, 17  
 ■ The Marriage of Figaro: by Mozart. Conducted by Jun Märkl, produced by Günter Rennert. In Italian; 7 pm; Feb 11

## NEW YORK

## GALLERIES

Guggenheim Tel: (212) 423 3652  
 ■ Ross Bleckner: mid-career retrospective of the American artist consisting of approximately 75 paintings and works on paper; from Feb 17 to May 14  
 Guggenheim Soho Tel: (212) 423 3652  
 ■ Antoni Tapies: fifty five of the leading Spanish artist's most important works dating from 1946 to 1991; to Apr 23  
 Metropolitan  
 ■ Early Renaissance Florence: 100 panel paintings and manuscript illuminations by masters of the Gothic style; to Feb 26 (Not Mon)  
 ■ Thomas Eakins: exhibition honoring the 150th anniversary of the birth of the artist. This installation of about 30 works from the museums holdings explores the museums continuing interest in Eakins; to Feb 26  
 Museum of Modern Art Tel: (212) 708 9480  
 ■ Kandinsky: Compositions: exhibition featuring approximately forty works including seven of the surviving 'Composition' paintings; to Apr 25  
 Whitney Museum  
 ■ Franz Kline: Black and White 1950-61: major Abstract Expressionist works from the last decade of the artist's life; to Mar 12

## OPERA/BALLET

Metropolitan Tel: (212) 362 6000  
 ■ Cavalleria Rusticana/Pagliacci: by Mascagni/Leoncavallo. Production by Franco Zeffirelli, conductor Christian Badae; 8 pm; Feb 16  
 ■ Il Barbiere di Siviglia: by Rossini. Produced by John Cox, conducted by David Atherton; 8 pm; Feb 11, 14  
 ■ La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Flore; 8 pm; Feb 13, 17  
 ■ Turandot: by Puccini. Produced by Franco Zeffirelli, conducted by Nello Santì; 8 pm; Feb 11 (1.30 pm), 15

## THEATRE

Circle in the Square Tel: (212) 239 8200  
 ■ Uncle Vanya: by Chekhov. Cast includes Tom Courtney, Amanda Donohoe and James Fox; 8 pm;  
 Jean Cocteau Repertory Tel: (212) 677 0088  
 ■ The Cherry Orchard: by Chekhov. A new production directed by Eve Adamson; 8 pm; to Mar 3  
 Joseph Papp Public Theatre Tel: (212) 598 7150  
 ■ The Merchant of Venice: by Shakespeare. Directed by Barry Edelstein, and with Ron Leibman playing Shylock; 8 pm; (Not Mon) Performing Garage Tel: (212) 966 6651  
 ■ The Hairy Ape: by Eugene O'Neill. A presentation by the Wooster Group with William Dafoe and Kate Valk; 8 pm; to Feb 19  
 Perry Street Tel: (212) 307 4100  
 ■ Dylan Thomas: Return Journey and The Truman Capote Talk Show. Two one man shows written by and starring Bob Kingdom. Direction by Anthony Hopkins and Kevin Knight; to Feb 11  
 Roundabout Theatre Company Tel: (212) 689 8400  
 ■ The School for Husbands/The Imaginary Cuckold: by Molière. Michael Langham directs Richard Wilbur's translation and stars Brian Bedford; 8 pm; to Mar 12 (Not Mon)

## PARIS

## CONCERTS

Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24  
 ■ Alban Berg Quartet: plays Haydn, Webern and Beethoven; 8.30 pm; Feb 14  
 ■ Orchestra of the Champs Elysées: with soprano Solfe Isokoski, alto Birgit Remmert and tenor James Taylor plays Beethoven under the direction of Philippe Herreweghe; 8.30 pm; Feb 15  
 Opéra National de Paris, Bastille

Tel: (1) 47 42 57 50  
 ■ Chamber Music - Brahms: musicians from the Orchestra of the Paris National Opera play Brahms; 8 pm; Feb 13

## GALLERIES

Galerie Schmitz Tel: (1) 42 60 36 36  
 ■ From Delacroix to Matisse: exhibition including the works of Delacroix, Matisse, Picasso and Degas; from Feb 14 to Apr 13  
 Georges-Pompidou Tel: (1) 42 77 12 9  
 ■ Kurt Schwitters: exhibition of works by the German Dadaist; to Feb 20  
 ■ The African Collection of Magnelli: African sculptures and masks collected by Susi Magnelli; to Mar 20  
 Musée Cernuschi Tel: (1) 45 63 50 75  
 ■ Japan, Tastes and Tranquility: The Japanese Tea Ceremony: the historical and philosophical development of the Japanese ceremony; from Feb 14 to May 14 (Not Sun)  
 Musée d'Art Moderne, Ville de Paris Tel: (1) 47 23 61 27  
 ■ André Derain: 350 works spanning his entire career; to Mar 19 (Not Mon)

Musée d'Orsay Tel: (1) 45 49 11 11  
 ■ James McNeill Whistler: exhibition of works; to Apr 30

## OPERA/BALLET

Châtelet Tel: (1) 40 28 28 40  
 ■ King Arthur: music by Purcell. A William Christie and Graham Vick production; to Feb 19  
 Opéra Comique Tel: (1) 42 96 12 20  
 ■ Lakmé: by Delibes. Conducted by Frédéric Cheslin and produced by Gilbert Blin; 7.30 pm; to Feb 18  
 Opéra National de Paris, Bastille Tel: (1) 47 42 57 50  
 ■ Arpeggione Quartet: plays Haydn, Schubert, Jolas and Beethoven; 8 pm; Feb 16  
 ■ La Damnation de Faust: by Berlioz. Conducted by Myung-Whun Chung and produced by Luca Ronconi. Soloists include Béatrice Uria-Monzon as Marguerite, and Thomas Moser/Gary Lakes as Faust; 7.30 pm; Feb 13 (3 pm), 15  
 ■ Lucia di Lammermoor: by Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from April) conduct the Orchestra and Chorus of the Paris National Opera; 7.30 pm; Feb 11, 14, 17

## STUTTGART

OPERA/BALLET  
 Staatsoper Stuttgart Tel: (07) 11 19703/4  
 ■ Macbeth: by Shakespeare, music by Verdi. A new production by Ruth Berghaus, conducted by Gabriele Ferro; 7.30 pm; Feb 11  
 ■ The Barber of Seville: by Rossini. Conducted by Gabriele Ferro; 7.30 pm; Feb 14

## WASHINGTON

## CONCERTS

Kennedy Centre Tel: (202) 467 4600  
 ■ National Symphony Orchestra  
 Pops: Great American Music Ensemble. A Valentine's Day program; 7 pm; Feb 17

## GALLERIES

Corcoran Tel: (202) 638 3211  
 ■ Family Lives: photographs by Tina Barney, Nic Nicosia and Catherine Wagner. Exhibition explores the power of photography to subvert or reinvent our experience and understanding of events and relationships; to Feb 13  
 National Gallery Tel: (202) 737 4215  
 ■ Italian Renaissance Architecture: Brunelleschi, Sangallo, Michelangelo, the Cathedrals of Florence, Pavia and St. Peter's; to Mar 19  
 Sackler Tel: (202) 357 2700  
 ■ A Basketmaker in Rural Japan: examples of all 103 designs by Hiroshige Kozio, the worlds greatest basketmaker; to Jun 9  
 ■ Landscape as Culture: Lois Conner travels through Asia recording architecture and landscapes with her 100 year old banquet camera; to May 30  
 ■ Paintings from Shiraz: the arts of the Persian book created in the city of Shiraz from the 14th to the 16th century; to Sep 24

## OPERA/BALLET

Washington Opera Tel: (202) 416 7800  
 ■ Semel: by Handel. Conductor Martin Pearlman. Roman Terlecky directs a Zack Brown production; 8 pm; Feb 15  
 ■ Vanessa: by Samuel Barber. Director Michael Kahn, conductor Christopher Keene; 8 pm; Feb 13 (7 pm), 16

## THEATRE

Arena Stage Kreeger Theater Tel: (202) 554 9066  
 ■ Hedda Gabler: Henrik Ibsen's drama, directed by Liviu Ciulei and translated by Christopher Hampton; 7.30 pm; to Mar 19 (Not Mon)  
 Ford's Theater Tel: (202) 347 4833  
 ■ A Raisin in the Sun: Lorraine Hansberry's award winning drama of an American family's struggle to achieve the American dream; 7.30 pm; (Not Mon)  
 Roundhouse Theater Tel: (801) 933 1644  
 ■ Dog Logic: by Tom Strelch, directed by Jerry Whiddon; 8 pm; to Feb 19 (Not Mon)  
 Studio Theater Tel: (202) 332 3300  
 ■ Conversations with My Father: Herb Gardner's autobiographical work, directed by John Goings. Sun 2 pm and 7 pm otherwise; 8 pm; to Feb 26 (Not Mon)

## ZURICH

## GALLERIES

Kunsthause Zürich  
 ■ Degas: The Portraits: a major new exhibition on the portraits of Edgar Degas; to Mar 5

## CHESS

Whenever chess players discuss openings, the Sicilian Defence is high on the agenda. Its advocates have included so many grandmasters, from Kasparov and Fischer downwards, that 1 e4 c5 is the most likely way to start the game even at club and social level.

When meeting the Sicilian, there is a strong case for choosing the early Bc4 development which Fischer used in his peak years and which gave Kasparov some anxious moments in his world title match with Nigel Short.

Strategy with Bc4 is simple to understand. White's bishop pressurises Black's f7, aided by thrusts from White's f and g pawns. Black has to preserve a tricky balance between a-side counter-attack and containing White's lead in development. As both Fischer's opponents and Kasparov found, natural replies may not solve Black's problems (Istratescu, White; Arsovic, Black; Belgrade 1994).

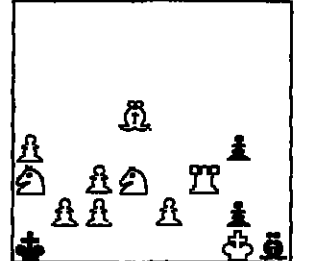
1 e4 c5 2 Nf3 d6 3 d4 cxd4 4 Nxd4 Nf6 5 Nc3 a6 6 Bc4 e6 7 Bb3 7.00 is also interesting. If then Nxe4 8 Nxd6 9 Bg5 Qc7 10 Bxd5 exd5 11 Re1 is promising, while 7... b5 8 Bb3 Bc7 9 Bc3 0-0 10 f4 Bb7 11 e5 dxes 12 fxe6 Nf6 13 Qh5 is a strong attack which has caught out grandmasters.

Be7? A natural way to pre-

pare castling, but too slow. Kasparov preferred Nbd7, Nc6 or b5. 8 g4 d5 Black stays passive 9 exd5 Nxd5 10 Nxd5 exd5 11 Nf1 Bc5 12 gxf5 d4 13 Rg1 Bf6 14 Qh5 0-0? A better chance is Qe7+ with Nc6 and 0-0.

15 Rg3! Qe7+ 16 Kf1 Re8 17 Rb1 h6 18 Qe1+ 18 Kf2 Qe4+ 19 Kf3 Be5+ 20 f4 Qe1+ 21 Kg2 Qe4+ 22 Kf2 ends Black's checks. 18 Bxb1 gxf6 19 Rg3+ Rg7 20 Qg6 Bc5. If Qf6 21 f5 wins.

No 1061



White mates in five moves, against any defence (by F Kohnlein, 1907). One of my favourite problems, which looks impossible to solve. It takes a cunning plan to reach the BK cocooned in the white camp.

Solution Page XVIII  
 Leonard Barden

## BRIDGE

Today's hand comes from rubber bridge of average standard:

N  
 ♠ A 6 5  
 ♥ K 10 7  
 ♦ 7 4 3  
 ♣ J 10 8  
 W  
 ♠ 10 9 7  
 ♥ 9 3 2  
 ♦ J 9 5  
 ♣ K 7 5 3  
 E  
 ♠ 8 4 3 2  
 ♥ A 10 8 6  
 ♦ K 10 8 6  
 ♣ A 9 6 4 3  
 S  
 ♠ K Q J  
 ♥ A Q J 8 6 5 4  
 ♦ A Q 2  
 ♣ 5

With North-South vulnerable South dealt and started with two hearts. North said three hearts, promising trump support and an ace. South rebid four diamonds, and North showed his ace with four spades. South now tried five clubs. North signed off with five hearts, but South said six hearts, closing the auction.

West led the spade 10. Tak-

ing with his king, the declarer crossed to the heart 10 and drew West's trumps with king and ace. He cashed queen and ace of spades, then led a diamond and finessed the queen. It held - the slam was delivered - and North uttered the usual cry: 'Well played, partner.'

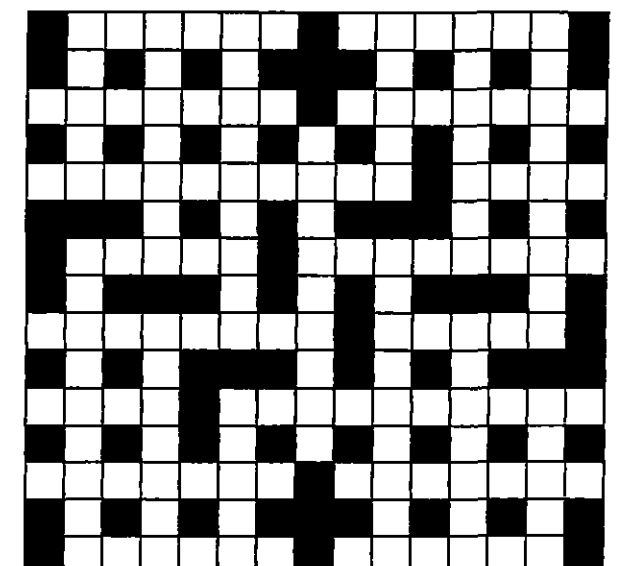
Do we agree with North? No. South's line happened to work, but there is a better way. Let us reason together. West cannot hold both ace and king of clubs. Would he not have led the king? At trick three after crossing to 10 of hearts, we play the club queen. This is covered by East's ace, and we ruff. We now cross to the heart seven, draw West's last trump, and return the club knave, on which we discard our diamond two. West wins, but the rest of the tricks belong to us. We cross to the spade ace, and cash the established club 10 for our 12th trick.

E.P.C Cotter

## CROSSWORD

No. 8,684 Set by CINEPHILE

A price of a classic Pelikan Souvenir 500 fountain pen, inscribed with the winner's name for the first correct solution, opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday February 22, marked Crossword 8,684 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 8HL. Solution on Saturday February 25.



Name \_\_\_\_\_  
 Address \_\_\_\_\_

ALPHABETICAL JIGSAW  
 Method: Solve the clues and fit the solutions into the diagram Jigsaw-wise, wherever they will go

A Confessed to a number being due (6)  
 B Gummer's pass? (7)  
 C Instrument with little room for love (6)  
 D Pharmacist, not quite a princess (9)  
 E Lie square as a result? (9)  
 F Parityality embracing student of taste (7)  
 G World War I fiasco: pill turned up in prison first (8)  
 H Instrumentalist wanting harp? No, try (4,5)  
 I The sort of man who needs his d-7 (5)  
 J Instrument with box: outside Britain I must be French (4)  
 K Sikh van exposed as dishonest (7)  
 L Freshwater steamer that flew the Atlantic once? (5)  
 M Come across as suitable (4)  
 N Renaissance of BBC man when thrown outside (5,5)

O Instrumentalist needs roasting (8)  
 P Magic drinks? Cannabis is no different (7)  
 Q Instrumental sound in wharfs (5)  
 R Queen has broken rule: round us is complaining (9)  
 S Bird with natural opening in Italy (7)  
 T Astronaut: Di can I can't make it (6,4)  
 U Yank model with little strength (5)  
 V Awaken love and make us pure about it? (7)  
 W Someone of great importance to the queen is a snake (3)  
 X





Peter Aspden

## Give me a baguette instead of a headset

The recorded commentaries now provided in galleries are isolating visitors, instead of involving them in the art on show

There is something strangely unsettling about visiting an art gallery. It has something to do with the contrast between the stark emotion and dazzling technical bravura up there on the walls and the hordes of insipid spectators looking for a couple of hours to kill on a Sunday afternoon, "appreciating" in subdued and joyless reverence.

The disturbingly passionless atmosphere is perfectly realised in the opening scenes of Nicolas Roeg's psycho-dramatic masterpiece, *Bad Timing*, in which Art Garfunkel and Theresa Russell

wander round the Klimts in the centre of Vienna. "They look so in love," she remarks in front of one rich, erotic canvas, only to be cut dead by Garfunkel's sarcastic "That's because they don't know each other yet." It is a resonant evocation of the distance between the raw expression of the artist and the judgmental detachment of the observer.

All this could be about to change, however. The news that London's two premier galleries, the National and the Tate, are to use CD-Rom and micro-chip technology to provide portable commentaries for viewers promises to

herald a new era in art appreciation. They are not alone; in fact, other countries have already made steps along this road.

I visited Amsterdam's Rijksmuseum last week to see a beautiful little exhibition of medieval paintings on the theme of religious devotion. In the room containing the display - very dark to protect the paintings, or maybe just for the hell of it - about 90 per cent of the spectators wandered round in "interactive" headsets. It made them chillingly unaware of the people round them they gazed at the exhibits with rapt attention, being given their potted histories

and biographies along the way. Needless to say, the amount of conversation between the visitors was minimal. All the talking was being done by machine; man just stood and soaked it up (why don't they ever call it an interpretive experience?). Typically, amid all this talk of technological advance and educational empowerment, we have contrived yet another way of driving the individual deeper into his or her own private space.

We will, say the defenders of the headsets, become immeasurably better informed on the works in front of us. I am not convinced: the thought of standing in front of,

say, *A Bigger Splash*, listening to David Hockney's lugubrious Bradford drawl incanting the delights of Californian swimming pools makes me want to, well, dive into one.

I have a shamelessly romantic view of art and artists. I love those biopic movies such as *Lust for Life* or *The Agony and the Ecstasy*, in which groups of bearded bohemians meet in cafes and say things like: "Ah, here comes Saurat - he is obsessed by little dots..." and "Oh, shut up, Degas, all you ever do is talk about your ballet dancers!". I love them to roar with laughter, dance on tables, take

countless lovers and lose parts of their face in arguments over brush-stroke technique.

I want to look at art made by people who rowed with popes, who lived in adulterous *ménages à quatre*, who took so many drugs it is a wonder they managed to produce anything at all. Give me a tormented, soul, an anguished genius stripped naked on the canvas, and I will respond in kind. What I do not need are the plummy tones of an academician dispensing advice on what I should be noticing, nor the complacent "insights" provided by hideously wealthy artists telling me how

sunny it is on the other side of the globe right now. As the creeping silence of uniformity all around us begins to take over, it is more important than ever for art to make a stand for rebellion, for noise, for the good life.

Art galleries have got it wrong. What they should be providing is little wonky tables in the middle of the exhibition hall, with a baguette, a bottle of Beaujolais and a sketchpad to keep us company. Then we could shout and argue, and laugh at those who had the temerity to shut themselves off from our ribald world with a weedy pair of hi-tech headphones.

## The great wedding paperchase

Mariana Schroeder found the path through bureaucracy to marriage is not a smooth one

I had been in Germany for less than a month when a headline in the tabloid press caught my eye. "Statistics show a woman over 40 is more likely to be shot by terrorists than to find a husband." I made a mental note to scratch the world's trouble spots from my travel itinerary.

Then I met Henning. He was strolling down Munich's most elegant street in an Armani suit, tall, blond and handsome. He had a touch of grey at the temples, a tennis tan and - wonder of wonders - he was just one court decree away from being single. If I had a bullet with my name on it, here was the man to save me from it.

The plots of romantic novels usually make my skin crawl, but in those first weeks after our meeting I began to live one. We picnicked in the park, rode bicycles through the Bavarian countryside and ate by candlelight on tables not nearly big enough for one person, never mind two.

Falling in love is something of a miracle when you have passed the age of disappointment. "It's the body that ages," said a friend. "The feeling stays the same."

The risks and possibility of failure are too obvious. All our friends are divorced or wished they were. Laughter lines have hardened into wrinkles and the voice of reason keeps shouting in your ear.

We did not get married in a fever. We skied, we fought, we loved, we debated until we were ready. He got down on his knees to ask me, I got down on mine to accept.

There were 30 people ahead of us in the queue to book a date at the register office, but love made light the hours of waiting. The blonde behind the desk had long run out of smiles. Could I get some general information? Not until the forms were completed. "Come back when you have all the necessary documents."

"I don't have a birth certificate," I said in a meek voice.

"Get one."

"I never had one." "That's impossible." I tried to explain that I had been born during the second world war of an American mother and an ethnic German father living in a

war zone, and had entered the US as a displaced person from a country that no longer existed.

"No birth certificate, no marriage."

Two days later I was on my way to Zagreb. I went to the Ministry of the Interior, the Department of Births and Records, the Department of Statistics - and the nearest bar. There was no evidence of my birth. But they would be able to issue a post-natal certificate of birth if I became a Croatian citizen.

"But I am an American."

"You can also be a Croatian."

"But I would lose my American citizenship."

"We won't tell the Americans."

"And if they find out?"

"Then you can live here. We are also a democracy."

I drove further east, past

**Henning went to the register office alone because I was beginning to show homicidal tendencies**

bombed-out houses and other scars of the recent war. According to my mother, I had been secretly baptised at the home of a relative to avoid the German authorities, who were then not too friendly to Americans in occupied territories.

Somewhere along that endless rutted road through East Slavonia I began reflecting on love, marriage and the absurdity of life. German bureaucracy was now forcing me to unravel the tangled web of relationships that had begun long before my birth.

I found the ruins of a town near the Hungarian border and a 92-year old relative, whose bright blue eyes still laughed. "I remember it like yesterday. They shot the priest - I don't know who it was - the Germans or the communists. Near the end of the war it was. I spent the whole night baking

cakes, but we couldn't throw a party because of the war."

"Your mother thought the Americans were coming and we laughed at her." She blew her nose in a threadbare handkerchief with my father's initials embroidered in the corner. Two days later I left with a copy of my baptismal certificate and a biscuit tin of faded photos.

It took another three months to get all the other required documents - university diplomas, income statements, divorce records, old marriage licences - all translated and certified at considerable expense. We got back in line at the register office.

"This is not a birth certificate," said a ruddy-faced man holding a pencil stub. I pointed out it was the best I could do. I would have a proper one had the Germans not detained my mother and prevented her from leaving Yugoslavia. He shrugged his shoulders and shoved our papers back across the desk.

The Croatian vice-consul in Munich was very understanding and promised to help, but the autumn wedding we had planned was obviously not going to happen.

In December the long-awaited document arrived: a stamped, certified, numbered birth certificate. It was a curious document in that it accorded me a new place of birth, Borovo, a wasteland that had changed hands in the war that preceded Bosnia. There were minor inconsistencies - but it was a birth certificate.

By our third trip to the *Standesamt* we had developed a new strategy. Be at the door by 7.30am, freeze for half an hour or so, then charge up the stairs to be the first in line. A large heavy-set woman checked the documents that had by now grown into a file the size of the London telephone directory.

Henning needed records from the two cities he had lived in before the age of six. And there was the question of the bride-to-be's citizenship.

"What question?" I asked, whipping out my navy blue passport.

"A passport is not proof of citizenship. Your birth certificate proves that you were not born in America."

By the fourth visit we were back to the gentleman with the

pencil stubs. He sharpened one as we spoke. "There are several inconsistencies that we cannot overlook."

Henning helped me draft a sworn statement explaining that I was a citizen of the US and that I had been born in Zagreb-Borovo. We hoped they would not check the map and see that 400kms and a non-crossable, tank-enforced border stood between the two places.

Henning went alone to the fifth, sixth and seventh encounters because I was beginning to show homicidal tendencies.

The US Consulate was called in. The State Department was contacted. More certified translations and sworn statements were presented.

Months dragged on. Our winter wedding took on shades of spring. The coat I had bought gave way to a suit and a straw hat and we still had no date.

"The appeals court of Bavaria had to rule on my 'eligibility' to marry, a mere routine that cost another £120. My mother's maiden name was questioned,

my divorce decree was found to be "odd".

March slipped by and April dawned. "We'll sue," Henning declared calmly. "We'll take them to court. They have to marry us." I cried and cancelled our honeymoon for the third time.

Finally the paperchase that had begun in August ended. Henning and I were to be married on a balmy day in April. But just three days before the wedding, we received an urgent call from the *Standesamt*.

Although the man with the pencil stubs was satisfied that all our documents were in order, his superiors were not.

Could I swear that my mother did not know how to spell her maiden name?

I screamed, Henning negotiated. In the end I changed my place of birth and conceded that there were two possible spellings for my mother's maiden name.

Could my mother confirm this? Unfortunately, she was deceased. Did I have a death

certificate? Henning and I exchanged looks.

Until that point the man with the pencil stubs had been near the head of my private enemy list, second only to his enigmatic, unidentified "superior". But when he agreed to marry us despite the remain-

ing objections I almost kissed him. The ceremony took all of five minutes. The bride in front of me went into labour. The one behind me wore iridescent purple.

I said "Ja" instead of "I do". No one suggested Henning kiss the bride, but he did anyway.

The ceremony is even now a blur.

I showed my passport. I signed my name. Henning squeezed my hand.

A year has gone by. Terrorists don't bother me. It is the bureaucrats who give me nightmares.



## As They Say in Europe / James Morgan

### Just because we're paranoid...

The French and the British find themselves at opposite ends of the argument so often that their disputes seem a fact of life. Each suffers a paranoia which becomes unusually apparent in bilateral relations. Think of two sets of headlights blinding each other.

In the 1960s, I attended an Anglo-French encounter at Twickenham where there appeared an English banner recalling the French veto on Britain's entry into the common market. In those days, France often won rugby matches against England, today never.

Similarly, the French radio commentary on last week's game depicted it as a series of refereeing errors which reached a high point when the French fullback, Jean-Luc Sadourny, was taken off with a bleeding leg. The commentators were furious, but the

wound had been inflicted by his colleague, Abdel Benazzi, not by some English thug. For the uninitiated, England won the game with ease.

Meanwhile, the English papers rage about endless oppression from Brussels. British officials allegedly negotiate away the pound sterling while the government pretends opposition to a single currency. Europeans earn a trade surplus at our expense. Rules are designed solely to achieve the humiliation of England. Europe's "jealousy" will mean the end of London's red buses.

In Saturday's *Times*, another plot was revealed: an exhibition at the Royal Academy about an 18th century grandee, Lord Burlington, excludes any mention of his enemy, Hogarth. Hogarth was a true Brit patriot, Burlington slavishly followed continental fashion. It is true he knocked about with a number of sec-

ond-rate foreigners, but he also bequeathed us part of one of London's better thoroughfares, the facade of the Royal Academy House and an eponymous arcade. For *The Times*, the structure of the exhibition meant "The Eurofanatics have won a triumph".

However pronounced French paranoia, there remains a still, small voice of sanity. French rugby writers are immune to the sour virus, even though they read *The Times*.

In *L'Equipe*, Pierre-Michel Bonnot told us that he had read an item in Saturday's edition headed "Do the English like animals better than their fellow humans?" He went on, "The answer was to be seen in the faces of the French forwards, marked in their flesh and their *amour-propre* in the aftermath of a defeat which was, however, less 'beastly' than the preceding seven."

"Yes, the English do like animals better than their fel-

lows in the Five Nations tournament. They love... those eight beasts who make up their pack of iron. As for us, we don't at all like those limited interests of vague local clubs, send the best of French rugby in rough conditions to the abattoir."

*Le Figaro's* Renaud Matignon was among the French who took the train to London for the first time. Their sense of impending doom preceded their arrival at the indelicately named London terminal, Waterloo. "The day before yesterday we expected the light of Ansterlitz. But it was the sun of Waterloo... France as gloomy as a Dickensian lawyer, England in its finery presented its most gracious face. All the better to eat us with..."

"On the wonderfully outdated roads from London to Twickenham, the traffic jams brought together Rolls-Royces,

family cars (cramped with biscuits and flowered frocks), and cabriolets, sometimes open in the light wind. It might have been the fifties."

There followed a personal account of the game, the amiability of its fans and its apt conclusion: "The Englishman, who is a perfectionist, crowned the match with a success in the very last minute because it is not done to finish a sentence without the appropriate punctuation. That is English grammar."

The French, unless they are broadcasters, are able to keep their paranoia in check, reserving it for such trivia as trade policy and television. When it comes to matters of civilisation, they display great openness and generosity of spirit, an example to the xenophobes at the western end of the Tunnel.

James Morgan is economics correspondent of the BBC World Service



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# Weekend INVESTOR

Wall Street

## Pessimists find cause for their concern

Maggie Urry reports on a week where bullish hopes were unrealised

Wall Street has spent much of the week frozen, in all senses. Traders trudged to work through deep-fried snow to find the market unable to move far from the spot where it ended the previous week, just before the temperature plummeted.

After the surge in bond and share prices following the unexpectedly good headline employment numbers the previous Friday, investors have been waiting for more economic statistics to see if they would confirm the bullish hopes that were raised.

Had the Federal Reserve, by pulling back economic growth to a sustainable rate without causing a recession, and keeping inflation at a reasonable rate, pulled off the economic equivalent of a triple somersault?

Unfortunately for those impatient to find out the answer, there has been a dearth of numbers to pick over. Not until yesterday's producer price statistics was there anything substantial to analyse.

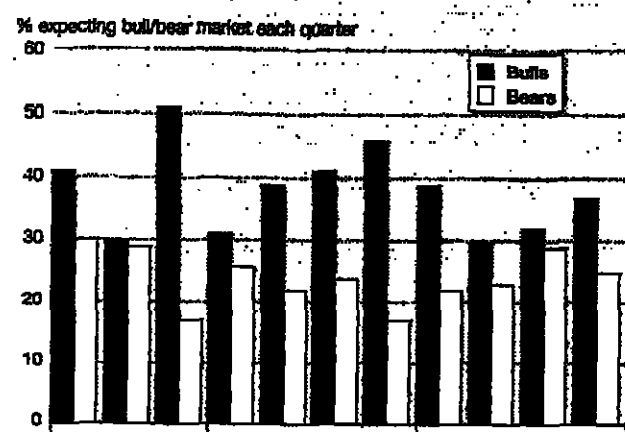
The headline figure, showing a 0.3 per cent rise in the prices of finished goods last month, was a touch below the consensus forecast of 0.4 per cent. The immediate reaction was, therefore, good, but the difference between forecast and outcome was not so large as to cause another sharp rally.

Until more evidence comes in, strategists and fund managers remain divided between those who think the Fed has increased interest rates for the last time, and those who expect another one or two rises in short-term rates. It could be May before we find out who is right.

Even if there are no more increases, however, there are bound to be some nasty surprises along the way. The great spectre of inflation is likely to make an appearance in some of the statistics. It would be strange if prices did not rise at this point in the business cycle, even if the rate of inflation stays within prudent bounds.

Similarly, other economic statistics are likely sometimes to disappoint forecasters, if only because one month's numbers are such an unreliable guide to a trend. Indeed, Cornelia Small, global equity strategist at fund manager Scudder, Stevens & Clark,

### US investors' expectations



Source: Citicorp Bull/Bear Index

points out that an excessive amount of bullishness has been based on "one silly number".

In her view, slowing an economy which has been growing as strongly as that of the US takes more pain than has been experienced so far. Mexico and Orange County are two places where higher rates have left casualties. It is probable that the pain will strike again, but who knows where.

Jack Church, chief investment officer at the Glenmede Trust company, another money management group, is more upbeat in hoping that the Mexican and Orange County crises are the ones which mark the top in this interest rate cycle. He believes that the surprises for the market will be good ones.

Investors are still highly nervous. Although sentiment is beginning to improve, as the chart shows, it is still at low levels. A chart of sentiment among investment advisers also shows a great deal of pessimism although here, too, the line has turned upwards.

The brave investor is the one who buys before the herd. But after the losses sustained last year, particularly in bonds (which, after all, are supposed to be the low-risk choice), and with money market funds now showing a much better return than they were a year ago when the Fed started raising interest rates, it could be some time before private investors are ready to commit money to the market again.

An interesting sideline to the market has been the rise of the broader S&P 500 index relative to the Dow Jones Industrial index.

The latter, which covers 30 shares, has a heavy bias towards cyclical stocks which do well as the economy picks up. Profits for these companies rise sharply as extra volume turns to disproportionately large gains in earnings.

The Dow did better than the S&P 500 in 1994 but, so far this year, the wider index has outperformed, with the S&P 500 topping its all-time high during the week.

Even better recently has been the performance of the Nasdaq index. This contains a greater proportion of technology stocks which have been buoyed by expectations of fast growth.

Corporate profit news continues to be good. With most of the earnings figures for 1994 now in, the positive surprises have far outweighed the negative. Yet, good news often failed to lift share prices during the week. As investors look ahead to a slowing economy and less-vibrant profits growth, past successes are forgotten easily.

Figures from Goodyear, the tyre-maker, emphasised that profit margins have reached their peak even if profits have not yet done so. Goodyear said it was proving difficult to pass on commodity price increases to customers, while labour costs were also rising faster again. It is news like that which supports the pessimists.

### Dow Jones Ind Average

Monday	3937.73	+9.03
Tuesday	3937.34	-0.34
Wednesday	3935.37	-2.02
Thursday	3932.88	-2.68
Friday		

London

## City sees a glint of sunshine

Martin Dickson detects signs of an early spring

It may be ravaging offices and factories across Britain, and winter weather still envelops the land, but there has been a touch of springtime optimism around the stock market this week.

The FT-SE 100 share index gained ground on four of the five trading days, and marked time on the fifth, to end 50.2 points up on the week and at a high for 1995 of 3,109.3.

Could this be a sign that the Footsie is on the point of breaking upwards out of the 2,950 to 3,150 trading range in which it has been stuck since last summer? Or is this yet another false dawn?

Certainly, market sentiment in both the US and across Europe has improved significantly over the past week - since a surprisingly high figure for US unemployment in January was announced on February 3, prompting a sharp rise that day in the US equity and bond markets.

There is increasing optimism that the US Federal Reserve will be able to hold back inflation while keeping the economy expanding at a more moderate pace, and that US interest rates, which have risen sharply over the past year, may be near a cyclical peak. In Britain, similar sentiments are taking hold, following the recent succession of base rate increases.

This viewpoint has just received significant support in the commodity markets, where prices have risen sharply over the past 15 months on expectations of rising inflation and rapidly expanding demand. But this week, speculators and investment funds began pulling money out, driving the price of everything - from copper to cocoa - down sharply. A good proportion of that cash may find its way into equity and bond markets.

One of London's more bullish analysts is Edmund Warner of Kleinwort Benson who published a much-quoted note this

week arguing that the Footsie is likely to "burst up out of its trading range. Those waiting for unambiguously positive news may pay a heavy opportunity cost," he said.

Many analysts argue that Britain's big annual results season, which is about to start rolling, could mark a significant, positive shift in perceptions of the value of British equities - even though the City is expecting UK PLC's earnings growth in 1995 to slow to about 15 per cent from nearly 30 per cent of 1994.

Warner argued that the big dividend rises companies are expected to unveil over the next month or two will make equities much more attractively valued relative to gilts. He said the yield ratio - the ratio between the yield on long gilts and equities - should drop from the current 2.1, which is hardly demanding by past standards, to about 1.9, assuming gilts prices hold steady.

There are, however, plenty of



Maurice Thompson resigned from Warburg this week.

bears around who argue that this optimism is misplaced; that neither the US nor the UK government has really quashed inflation; that interest rates still have a considerable way to rise; and there will be no economic "soft landing".

All this, they argue, coupled with UK political uncertainty, will maintain downward pressure on both gilt prices and sterling, at best keeping equities within their trading range.

However, the events of the past week suggest that the market is, at least temporarily, more willing to listen to the optimists than the pessimists.

The bull case was strengthened yesterday by a solid set of results from Lloyds Bank, which started the bank reporting season with a 26 per cent increase in pre-tax profits to £1.3bn. The figures were broadly in line with expectations, but their composition pleased the market, suggesting a pick up in loan demand and a maintenance of margins. They pushed retail bank stocks sharply higher.

The investment banking sector had a more mixed week. Shares in S.G. Warburg, Britain's leading merchant bank, were affected by staff defections, most notably that of the two leading figures in its equity capital markets division, who moved to Morgan Grenfell, the merchant banking arm of Deutsche Bank.

The losses reinforced City concerns that Warburg may be drifting following the collapse of its recent merger talks with Morgan Stanley, the Wall Street investment bank.

Warburg is still seen as a possible takeover candidate, but there was evidence this week of a shift by investors from Warburg stock into Kleinwort Benson, another merchant bank which has been the subject of bid speculation.

One of the week's worst performing sectors was brewing, thanks to the announcement on Tuesday that the Office of Fair Trading is to investigate brewers' wholesale prices. The inquiry centres on estimates that free houses can buy beer at one third off the list price but tied houses have to pay brewers the full amount.

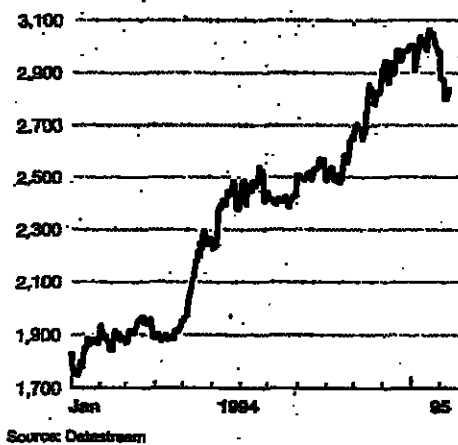
The City is concerned that the OFT inquiry could lead to a further inquiry by the Monopolies and Mergers Commission. The MMC's last investigation, in the late 1980s, concluded that the brewers' ownership of pubs limited competition. It forced the industry to sell some of its outlets and led to a price war.

News of the OFT inquiry prompted analysts to cut their profits forecasts for the industry, amid warnings that the investigation could stall further rationalisation of the sector, which is suffering from excess brewing capacity. In particular, the City thinks that Foster's Brewing of Australia would like to sell Courage, Britain's second largest brewer, and its half stake in Innopreneur Estates, a pub owning joint venture, but fears the process could be stalled by the inquiry.

Against this background, brewing stocks could underperform the market for some time. The springtime hopes stirring in the City are likely to prove cold comfort to the Beerage.

### Copper

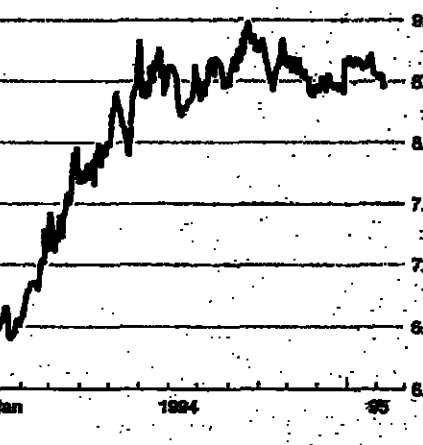
LME 3 month \$ per tonne



Source: Datastream

### 15-year benchmark bond yield

%



### Highlights of the week

	Price	Change	1994/95	1994/95
	1/10/95	up week	High	Low
FT-SE 100 Index	3109.3	+50.2	3520.3	2976.6
FT-SE Mid 250 Index	3464.1	+53.9	4122.6	3363.4
Amstrad	147.5	-16	250	125.4
BT	246	-22.4	365.4	248
Boysen	395	-12	524	387
British Airways	383.5	+14	489.4	344
European Unis	298	+11	582.4	195
GKN	582	+26	880	510.4
Govett	308	-38	485	275
MFI Furniture	118	-9.4	184	115.5
Seaboard	435	+28	490	299
Sun Alliance	317	+14	418	281
Warburg (SG)	726	-35	1012	569
Whitbread	629	-37	817	494
Yorkshire Elec	819	+64	903.5	604.5

Bonds firmer  
European buying  
Recovery hopes  
Rights issue  
Profit warning rumour  
Fare wars fade  
Enters CAC-40  
Smith New Court "buy" note  
US litigation  
Fears on margins  
Takeover speculation  
NAV optimism/figures soon  
Equity chiefs depart  
OFT inquiry into beer prices  
Hanson bid rumours



Barry Riley

## Pensions head for a dark age

The state scheme isn't safe - it's the biggest swindle of all

Believe it or not, this might well turn out to have been a golden age for pensioners.

The living standards of retired people have improved significantly in recent years, especially for the wealthier of them who have benefited from the spread of occupational pensions. But the future prospects are looking murkier as the state withdraws progressively.

Certainly, old age security is not obtained without a struggle. One of the hazards was emphasised this week when a life insurance group, Lloyds Abbey Life, announced it was increasing to £50m its provisions against claims for mis-selling of personal pensions. If other companies eventually pay the same sort of compensation, the total bill for bad advice will come to some £2.5bn.

So much for personal pensions. Company schemes, surely, are much safer? Not if you ask Maxwell group pensioners, who for more than three years have been subsisting mostly on emergency relief. At least there is good news here: last night, it seemed that a settlement had finally been cobbled together to secure the pensioners' future. But it has all been confused and unsatisfactory.

And if crooked raids on funds are, thankfully, rare, consider also the plight of

future pensioners of Swan Hunter, the defunct shipbuilder. The trustees of the pension scheme are proposing to cut some benefits to as little as 60 per cent of those promised.

Ah, you might say, thank goodness for the state scheme. It has the government's guarantee behind it, unlike these insubstantial private sector arrangements. But the state scheme is the biggest swindle of all. No private sector pensions provider would be able to get away with such blatant deception and betrayal of promises.

The basic state pension was worth 20 per cent of average earnings late in the 1970s, but the Thatcher government then shifted its index link from earnings to prices (in effect, cutting 2.4 per cent on average every year off what the pension would have been).

So, the pension is now worth only 15 per cent of average earnings and could fall to just 7 per cent in 50 years. As for the earnings-related second tier of the state scheme, called Serps, it was devalued substantially in 1986 and now faces a further attack.

Richard Disney and Paul Johnson, of the Institute for Fiscal Studies, have pointed to new proposals tucked away obscurely in the new Pensions Bill. The bill was supposed to improve the security of pensioners; indeed, company

schemes will be regulated more tightly. But state scheme commitments are again being torn up. Technical changes to the indexation provisions for Serps could eventually halve the benefits in real terms.

In fact, state pension benefits all over the world are coming under intense pressure. Demographic shifts

are making the promises for them unaffordable. The old-age dependency ratio - the numbers of retired people to those of employment age - will double in Europe between 1990 and 2040.

The Organisation for Economic Co-operation and Development, representing 20 rich countries, has calculated that an extra payroll tax (increasing gradually to 15 per cent by 2050) or an equivalent will be needed to pay the bills. Italy's desperate plan to slash benefits caused armies of pensioners to go on the march in December and, effectively, brought down the Berlusconi government. New Zealand has brought in a subtler variation:

Occupational pensions provide only part of the solution. Even at their peak, they covered only just over 50 per cent of the work force, and the proportion was down to 48 per cent - and falling - when last measured in 1991. There is nothing better than a good final salary scheme, but comparatively few people are in them long enough to build up full benefits.

The government's answer is personal pensions. Around 8m people are paying into such plans but most of them are hopelessly inadequate. Some 3m are "rebate only", based on the 4.8 per cent national insurance contributions that, otherwise, would go into Serps.

Scarcely any employers, and few employees, pay more than these rebates into personal plans. In contrast, the typical final salary occupational scheme is based on contributions of nearly 15 per cent of pay (two-thirds from the employer).

The NAFF has done some

sums based on the assumption that another 5 per cent is paid into a personal plan (making 10.8 per cent in all). For many people, this would give a tolerable result, especially for mobile workers who do not get the best out of final salary-based company schemes. Even so, there are hazards from high charges and possible stock market upsets.

This leaves open the question of how ordinary people are going to be persuaded to pay substantial contributions throughout their working lives. A rush to catch up later in life is not very effective: early career contributions pay off much more handsomely, thanks to compound interest.

In fact the NAFF concludes that people will not be persuaded. They must be compelled to contribute something like 5 per cent more than the rebate.

Perhaps part of the burden could be borne by employers. Other countries are heading down this road: Australia has a 3 per cent employer contribution which will rise progressively to 9 per cent. But is a compulsory contribution, albeit into a private pension fund, very different from an extra tax?

Whatever is done, we will have to pay up, one way or another, if the early-21st century is not to become the dark age of pensions.

The NAFF has done some

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Investment Management

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6 Bevis Marks, London, EC3A 7JQ.

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